

In Search of an Applied Leadership Model for Start-up Organisations

Louis Serfontein



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Philosophy in Decision-making, Knowledge Dynamics and Values**

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SUPERVISOR: Dr Hans Müller

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DECLARATION

I, the undersigned, hereby declare that the work contained in this thesis is my own original work and that I have not previously in its entirety or in part submitted it at any university for a degree.

Signature: 

Date: 26 October 2007

Summary

The topic here is leadership in the start-up organisation. It has become important for both economic and political reasons that more people successfully start new ventures. Literature on leadership and entrepreneurship traditionally focus disproportionately on existing businesses and topics such as organisational change. Not enough conclusive material exists about what type of entrepreneurial leadership behaviour is required to start an organisation, either as a new business or as a Greenfield operation in an existing organisation. The hypothesis in this study is that certain types of leadership traits and behaviours are required to successfully start a new organisation. The study sets out to determine what these traits and behaviours are. An attempt is made to prioritise or weight these against each other to provide a model or guide for the new entrepreneur. This model is tested against existing leadership theories as well as popular management models. A discussion on its applicability in South Africa concludes the study.

Opsomming

Die leierskap wat benodig word om 'n organisasie te begin is die onderwerp van die studie. Dit het belangrik geword vir beide ekonomiese en politieke redes dat al hoe meer mense besighede suksesvol begin. Literatuur op die onderwerpe leierskap en entrepreneurskap is tradisioneel meer gefokus op bestaande besighede en onderwerpe soos organisasie verandering. Daar is nog baie min geskryf wat finale uitsluitel gee oor die tipe entrepreneurs leierskap wat benodig word om hetsy 'n nuwe besigheid of om 'n nuwe divisie binne 'n bestaande organisasie suksesvol te begin. Die hipotese is dat dit bepaalde leierskap gedrag en optrede verg om 'n organisasie suksesvol op die been te kry. Die studie poog om eerstens die gedragseienskappe te bepaal. Daarna om die gedragseienskappe teenoor mekaar te stel en so hulle te weeg en in 'n model op te neem wat kan dien as 'n riglyn vir nuwe entrepreneurs. Die nuwe model is dan vergelyk en getoets teen bestaande leierskapsteorie en gewilde bestuursmodelle. Ten slotte word die nuwe model se toepasbaarheid in Suid Afrika bespreek.

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Chapter 1 Introduction & aim of the study

1.1 Background

Today many countries, among which South Africa is no exception, accept economic growth is dependant on the growth of small businesses: they are much quicker to respond to new business opportunities, are more agile and more versatile in their approach to opportunities. They can collectively also employ more people than any government can. Hence, the almost universal government focus on and support for the development of small to medium businesses. The current thinking is that the only way to solve employment problems is to empower the individual to take responsibility for his or her own employment and to grow the new business and become an employer. Kuratko & Welsch (2001) specifically points to the likely fact that the world's economic future depends on the development of entrepreneurial abilities. They also show that since 1990 most jobs in the USA have been created by small entrepreneurial firms but from 1992 to 1996, small businesses (those with fewer than 500 employees) created all of the new jobs in the USA (U.S. Small Business Administration, 2004).

The industrial revolution was characterised by limited government control that allowed many entrepreneurs access to the economy. Governments looked at private initiatives to solve the employment crises after people could no longer maintain themselves through their cottage industry or family farming operations. This period spelled the end for feudal systems and the rise of the middle class. This middle class of learned professionals as a phenomenon has played various rolls in the formal economy since. The middle class professionals who served as middle and senior management to shareholders and government agencies acted in pure bureaucratic rolls since the industrial revolution with little or no influence on new business initiative, expansion, change management, etc. This started to change with the advent of management sciences.

Popular economic history teaches us that after the industrial revolution, governments typically started to regulate businesses for tax and labour protection reasons. Government saw itself as

the big employer leading on to the establishment and growth of state and quasi-state organisations, utilities and agencies. Some of these structures provided essential services and others were created purely to provide work. Socialist governments and post-second world war western style governments did not essentially differ in their approach. As government expanded their administrative power, they were able to do more. Outside the pure state-controlled economies, western style governments allowed private enterprise to grow. While governments tried to build their newly defined power, private capital also had more opportunities, although they were controlled in the same manner as the government organisations: regulations for most of this period were heavy and competition was discouraged.

In the late twentieth century a combination of factors such as the social revolution of the 60s and 70s as well as population growth, individual rights, property rights (or the lack thereof), contributed to the realisation that government could no longer and should no longer be the employer. Government institutions such as Competition Boards took on a new meaning and purpose like breaking up monopolies and creating opportunities for smaller companies and entrepreneurial individuals.

According to the South African Department of Trade and Industry, governments around the world are spending a large percentage of their budgets on assisting individuals to become small business entrepreneurs (2005). Let us accept that only a very small percentage of people would under any circumstances become entrepreneurs. Most productive individuals would seek employment at larger organisations as technicians, supervisors or management. However, given the new approach to empowerment and employment, it is expected that a far larger percentage of people might start new companies with all the implications, potentially becoming employers. In the 1980s, only 1 or 2 percent of graduating MBAs in the USA were interested in starting out as entrepreneurs; today 10 to 20 percent start their own businesses. (U.C. Berkeley, 2004). However, despite the efforts and positive responses, many of these new enterprises fail within the first few months in spite of government support in legislation, skills training and funding. Quinn and Cameron (1983) states that 54% of all businesses fail within 18 months and that the median age of all firms is only seven years. From discussions with the Small Business Owner Network on 27 September 2007 (www.smallbusinessowner.co.za), it seems as if any statistics on small business failures in SA are going to be an estimate as there are just too many variables and Companies and

Intellectual Property Registration Office (CIPRO) are not making them available. They are, however, comfortable to use US statistics as it is generally accepted that SA would have similar statistics. The authors at www.smallbusinessowner.co.za do make the comment that it is unlikely that BEE start-ups are more successful as “these schemes are sometimes subject to nepotism and fraud and... the new business owner is generally inexperienced in running a business”. There are however no factual evidence to substantiate any of this, although it appears as if the identification of typical success factors such as entrepreneurship, infrastructure, technical competence, mentorship skills, management experience, the managing of resources and people and even the ability to sell has been inconclusive and not a guarantee that the business will get through the start-up phase. It seems as if increased understanding of the design and development of new organisations are increasingly becoming more significant for both theoretical and practical reasons.

1.2 A Need to Stimulate New Businesses Development

There is growing pressure on individuals to achieve outside the traditional work structures of a generation ago. Starting a new business venture and by that ensuring own employment is an ultimate goal for many and offers a productive solution to unemployment and skills development issues. Governments and individuals are equally interested in this new way to employment. Added challenges are around government’s responsibility and its skills development role as well as creating an economy that is sustainable and competitive.

1.2.1 Existing Companies and New Ventures

Companies are forced to regenerate themselves in order to survive in the global economy. Company growth typically manifests itself through new products and applications or current growth in its existing market, by mergers and acquisitions or by new ventures that have been very popular since the 1980s (Bamford *et al*, 2004). A lot has been written about the need for organisations to be entrepreneurial and skilful in its horizontal expansion. In many cases, this type of growth is similar to starting a new organisation although aspects of individual risk are very different. Due to environmental turbulence, existing companies also need more innovation, risk-taking and pro-activeness where innovation specifically refers to the creation, development and introduction of new products, services, processes, systems and organisational forms (Guth & Ginsberg as quoted in Sep Serfontein’s work *Organisational*

Transformation, 2006). New corporate ventures usually start as a project. When projects reach execution level, new collateral structures are designed and manned. Many failures of such new ventures are sometimes seen, due to “head office interference”, etc as over-regulation, next-step prescription, structure and misappropriation of time due to corporate demands on reporting, etc. A common observation is that there is a lack of appreciation of what it demands of the project leader to start the new corporate venture. It can be said that leadership seems to be more operative in the project-leaders functionality than generally understood. Fact remains that it is more typical than not for project leaders to be replaced and even the most experienced managers are no guarantee for the successful conclusion of starting a new division or branch office. It is therefore a very high risk for all involved – underlining that the risk is not only based in business conditions but also that start-up ventures demand a very specific type of leader. It therefore appears that a company’s ability to respond to environmental turbulence is not about handling a one-time crisis or rebounding from a setback. Even carefully deciding on what makes business sense at a particular point is no guarantee for success unless the changes inherent to these strategic decisions are managed effectively. There is no doubt that in order to address these challenges and if the organisation is to capitalise on the knowledge that exists in the firm, requires innovation and a willingness to take risks - a (re)birth under specific leadership is therefore needed.

1.2.2 The New Business

Given the macro socio-economic challenges that governments around the world face (and no less South African and other African countries); it is essential that a very large percentage of these government-sponsored and initiated organisations succeed. Not only in capitalising on the government SMME strategy and support, but also to become independent from government, to employ others and to become a tax contributor and with that release funds for other economically stimulating government activities.

The corporate entrepreneur that starts a new aspect of an existing business has already been mentioned. There is also full recognition that the leadership requirement in such an instance no doubt shares common (if not all) leadership characteristics with entrepreneurs that start a business from the proverbial idea up. Apart from the born entrepreneur who will at any rate usually start his own company, three typical types of entrepreneurs also start new organisations. These efforts are typical to the business environment we described earlier and

more often than not because of outside factors. Of course, these efforts are not all a result of a reaction to unfavourable corporate conditions – the reason to go ‘it alone’ also happens for normal business opportunistic reasons. Although it is also dissimilar in that business is now initiated by people who are not necessarily “born” entrepreneurs. The following is an attempt to categorise them:

- **In South Africa, the BEE candidate with a need for an own business.** This type of business leader normally has access to money / capital and is supported by legislation, including preferential treatment to big contracts, etc. The success of this business type has been limited and the government is probably still far from recovering the “sponsored” money allowed for in tax repayments, higher employment, bigger skills base, etc. Also interesting is that there is virtually no examples of product type business development, i.e. manufacturing (DTI, 2005)

- **The professional manager who starts his own business after a corporate career:** Whatever the reason for leaving the corporate world, there is growing evidence of middle and senior managers that quit and start their “own thing”. The logic and decision is normally supported by the confidence that there is a low chance of failure because of so many years of corporate management experience and general “business knowledge”. Some of these businesses survive, but even with its “experienced” management a large percentage of these businesses fail to get through the starting phase. Statistics differ on this but Brian Head, an Economist at the United States Small Business Administration Office of Advocacy (www.businessknowhow.com accessed 24 September 2007), noted after an assessment of new business success rates that "as a general rule of thumb, new employer businesses (only) have a 50/50 chance of surviving for five years or more." This is only further evidence that at the very least there must be a realisation that management in a corporate environment is different to managing a small or new organisation where money generation and cost are only some of the challenges. Even the experienced corporate middle manager would not necessarily have expertise and related experience.

- **The private innovator of a product or service that is a direct result of individual technical expertise and competence:** There are many ways in which such a company manifests itself. Most of the successful ones survive due to the skills deficiency and resultant availability of contracts in South Africa. Some survive but even some of the

successful ones find themselves in crises management mode – the result of cash flow problems, poor forecasting and an inability to retain skills. The bottom-line is that there are few examples of companies that were started and that grew beyond the physical and time effort of the technically competent individual who started the new venture. In other words, time is taken up by outsourced corporate contracts and the individual is now effectively doing what it previously did for the (same) big organisation but is being paid as a Service Provider. On the outset, the chances of success seem healthier but unfortunately, there are not many examples of the technical expertise based companies that grow and stay creative and multiply its technical competence to eventually become a large company in its own right. Technical competence exists but failure to grow is in most cases linked to a lack of management competence.

1.3 The Problem

Despite the need and obvious benefits for the individuals, these new enterprises and business ventures too often fail or at the very best, they fail to reach their full potential. Whatever the statistics, the failure rate for most new businesses is extremely high and this is where the problem and challenge lay. The development of new small businesses is no longer a nice to have. The development of these enterprises is important for many reasons. Some of the reasons are more political, like bringing BEE entrepreneurs into the fold, changing a culture to one of taking the future in your own hands with less dependency on formal (white) business. Other reasons are purely economical such as job creation, widening of the tax base, growing the economy, global competitiveness through support of innovation and many more. The point remains that the more SME-type business succeeds, the better for the economy. In South Africa's case, it will also go a long way towards making the country competitive in the international business world.

The problem is obvious for any government in that it needs to recover its tax investment and it has to address the employment problems. Referring specifically to the South African political context, the level of the preferential treated BEE Small and Medium Enterprises (SMEs) are being criticised because they are not really creating new manufacturing and are currently still more of a burden on the state than contributing to its coffers. This is specific to South Africa, but it is certainly universally applicable as large percentages of (international) governments' subsidises small businesses that fail outright. In South Africa, Government

(and its other sponsors) are almost desperate for a success story where BEE sponsorship has demonstrated the ability to develop into medium to large manufacturing companies and have the capacity to export and employ a significant number of people. The problem appears to be less of a financial or business infrastructure nature as these aspects are generally provided. Apart from the lack of high-level technical skills – which remains of concern in South Africa - a large part of the problem appears to lie at people level. This can be narrowed down to champion or leadership level that, in combination with all the other factors that are required to make a start-up successful and to create solid foundations for the future growth of the business, seems an indispensable part. The other factors would be a combination of technical competence, adequate resources, management expertise and a product that can be sold for money.

The professional manager that has decided to “go it alone” with or without a few other people, may even stand to lose more. Typically, they do not enjoy the privileges of government (BEE) support and are putting their life savings on the line. What really happens is that people realise that their corporate education fall short in providing them with the competence to start and run a new business successfully. They seem to rely too much on their corporate experience and network. Many managers seems to be efficient and effective in leadership functions in a large corporation but are failures in starting a new business when it comes down to providing business direction, keep people communicating, deal with personal risk, get a product ready for the market, etc.

The organisation which is started out of technical competence may survive longer bolstered by an inherent technical skill shortage in South Africa but even considering this, it is most likely to also struggle to go through the phases of a developing organisation. They mostly stay glorified “one man shows”. In South Africa, they also often become the support / outsourced mechanism for the BEE companies.

There are many theories and advice around this phenomenon of why the majority of new businesses just simply do not survive. The theories and advice seem to be a combination of practical aspects of the business and identification of less tangible aspects such as “management”. There are many reasons given by many people as to why start-up businesses fail. As a representative sample, we look at a TL Manage Inc list that highlights the following

as the major reasons new small businesses fail in order of importance (www.tlmanage.com accessed 24 September 2007):

1. New companies do not plan for what “they expect their business to accomplish in the future”. There is a general lack of future vision and no realistic business plan.
2. In many cases these start-ups simple do not have “enough capital to keep things afloat”. No or not adequate financial planning.
3. No business system and no systematic way to do the business.
4. A poor marketing strategy. Senior management might not be experienced in marketing and on the other hand is too busy to get the experience needed.
5. Inexperienced management at all levels. This is compounded by the owner-manager that is too busy doing all the work and therefore has limited time to run the business.
6. A bad location for the office / marketing outlet.
7. Poor credit practices and unproductive debtor management’.

A few basic observations can be made if the above list of reasons are analysed. Firstly, points 2, 3, 6 and 7 are all practical issues that can be taught / sponsored by government. The other points are all management related issues. The points mentioned are no doubt correct but remains intangible. Secondly, the most important point seems to be a lack of vision. This is also different from the other management related points in that the others can probably be corrected by experience. Vision is not so straightforward and there is no guarantee that experience will improve the owner-manager’s ability to visualise and manage accordingly.

1.4 The Purpose of this Study

Given the problem that on the one hand it is essential that a large percentage of start-up businesses contribute to the economy and the problem on the other hand that there seems to be tangible and intangible management issues that ensure success (and failure) of the start-up business, more practical reasoning will be explored. The focus will not be on exploring the tangible and structural issues of starting a new business, but rather the intangible, and trying to identify what makes the difference between those companies that survive and those that do not make it. The tangible can be bought or sponsored but we know they are no guarantee for success. So, the question is what increases the probability of success?

1.4.1 Definition of the Start-up Phase

It does not really matter which one of the four described start-up entrepreneurial managements is at play; the bottom-line is that they all have to take an organisation from infancy to maturity. Although much thinking has already gone into conceptualising the development of companies through the various managerial phases, there is full acknowledgement that each phase has its own problems that requires unique approaches and solutions.

This study will look at the start-up phase of a new enterprise (or even a division in an established organisation). The start-up phase is defined as the time from conceptualising the business to the first set of repeat orders that make the business viable.

1.4.2 Defining a Hypothesis

On the surface one can associate entrepreneurs with leadership functions such as providing vision to the development of a new product, service or organisation. There is no doubt that a leader has to be innovative and entrepreneurial and that such a person deals with both concepts and ideas. What is interesting here is that these often relate to problems which are not of an organisational nature. Instead they tend to be individual behaviours such as *vision*, *problem-solving*, *decision-making*, *risk-taking* and *strategic initiatives*. How can the gap be bridged? Leaders and entrepreneurs do share similar behavioural characteristics. In fact, many people will view entrepreneurial behaviour as another type of leadership. There is also a general agreement that leaders influence others towards the attainment of a vision and certain goals as the company grows. It can almost be assumed that they have to be creative thinkers that are also flexible, that communicate well and who can motivate co-workers. Risk-taking is certainly part of the entrepreneur's life while team management (i.e. the ability to work with others) is probably a more common leadership characteristic. The academic problem unfortunately lies in the fact that many leaders and entrepreneurs fail their endeavours. The hypothesis, however, is based on trying to prove that a specific leadership style is necessary for start-up success of a new organisation.

The hypothesis stated is therefore that (1) a specific combination of leadership characteristics is essential in starting a new organisation and that (2) once there is recognition and acceptance

of this ‘magic ingredient’ that it can be modelled, taught and used in conjunction with the other needed infrastructure of starting a new business such as a good idea, a product, capital, ability to access or create a market, etc.

1.4.3 Aims of the Study

Outside the idea or product or service of the organisation, outside the challenges of resources, even outside management per se, the leadership requirements for this phase will be studied and evaluated in an attempt to learn what it takes to get an organisation “off the ground” and set it on its path to become a successful business. This study accepts that there is a difference between the person that would have started its own company outright and this new MTE – Manager Turned Entrepreneur / Employer. It is not just about a business plan or access to markets or business infrastructure that makes for a successful entry into the daunting world of starting a new venture. The study does not try to depict what management and leadership styles are typically found but rather what leadership behaviour is required to start the company and equally important somebody who will take the organisation to the end of this critical first phase. The following will be attempted in this study:

- i. To identify the combination of leadership characteristics required in the start-up phase of a new organisation
- ii. To translate these characteristics into distinct behaviours that can be modelled, used and taught
- iii. To fit leadership as defined in the start-up phase of organisations into existing leadership theory.

1.5 Scope

The problem and quest for a solution has already been discussed. In an effort to develop an applied model, the following research approach was followed:

- A. A literature study was conducted to help understand and define the start-up phase
- B. A study of existing literature to understand leadership and particularly the phenomenon known as entrepreneurial leadership during the start-up phase, was conducted

- C. The quantitative and qualitative research methods used here to define leadership characteristics and behaviour are discussed
- D. Existing leadership theories were analysed in an effort to find a fit between leadership theory and the leadership demonstrated
- E. Results
- F. Application

Chapter 2 Methodology

The different methodologies and approaches used in this study will be further explained. All attempts will be made to stay gender neutral but where it is not possible it is done without sexist intent. When “he” or “she” is mentioned the other is also implied.

2.1 Considerations for the use of a Qualitative Methodology

There are several considerations when deciding to adopt a qualitative research methodology. Strauss & Corbin (1990), as quoted by Sep Serfontein (2006), claim that qualitative methods can be used “to better understand any phenomenon about which little is yet known” (p.34). “Research problems tend to be framed as open-ended questions that will support discovery of new information” (p.34). Qualitative methods can also be used to gain “new perspectives on situations about which much is already known” (p.34) or to gain more “in-depth information that may be “difficult to convey quantitatively” (p.35). Thus, qualitative methods are appropriate in situations where one needs to first identify the variables that might later be tested quantitatively or where “the researcher has determined that quantitative measures cannot adequately describe or interpret a situation” (Strauss and Corbin, p.524). It is probably fair to say that the primary goal of qualitative research is the generation of theory rather than theory testing or mere description. According to this view, theory is not a perfect product but rather an ever-developing entity or process.

The work place is no different. When leadership styles are evaluated in a specific phase of the organisation it is absolutely necessary to understand its contribution. It must be understood whether the same traits can be extrapolated and applied in a different phase or whether they are unique to a certain phase. It must also be determined whether those phases are common in other companies as well as what the purpose of each phase is. “Qualitative research has an interpretive character aimed at discovering the meaning events have for the individuals who experience them – and the interpretation of those meanings by the researcher” (Hoepfl, 1997 in www.scholar.lib.vt.edu, accessed 25 October 2007). This matter was also approached in this research.

2.2 Considerations for the Use of a Quantitative Methodology

Quantitative Research “examines phenomenon through the numerical representation of observations and statistical analysis” (www.ojp.usdoj.gov accessed 24 September 2007). Quantitative research thus deals with facts, figures and measurements and produces data that can be readily analysed. Measurable data is gathered from a wide range of sources that is analysed and interpreted. Relationships across this data are determined and it is this that gives the researchers the information they are looking for. The data is collected through answers to questionnaires. The numbers are then examined using statistical tests to see if the results have happened by chance. The process of measurement is central to quantitative research because it provides the fundamental connection between empirical observation and mathematical expression of quantitative relationships. Wikipedia (accessed 09 August 2007) gives a popular definition of quantitative research as the “systematic scientific investigation of quantitative properties and phenomena and their relationships... is widely used in both the natural and social sciences”. The term quantitative research is however most often used in the social sciences in contrast to qualitative research.

This study originally set out to study the aspect of leadership in the start-up enterprise using only qualitative methods. This was adequate to a point of short-listing applicable traits but qualitative information was not sufficient to list them in order of importance and it thus became clear that a qualitative methodology alone was not adequate to define the building blocks of the model. Whereas the qualitative literature studies proved successful to determine the aspects or traits of entrepreneurial leadership it became necessary to make use of quantitative research in the form of a questionnaire to weight the importance of the traits. Other quantitative methods such as a frequency tally were also applied.

2.3 A Combination of Qualitative Research and Quantitative Research

Researches have long debated the relative value of qualitative and quantitative enquiry. Patton (1990) coined the term *Phenomenological Enquiry* as a method of qualitative research. According to Patton (as quoted in Sep Serfontein 2006), phenomenological enquiry uses a “naturalistic approach that seeks to understand phenomena in context-specific settings”. This is different from quantitative research that uses experimental methods and quantitative measures to test hypothetical generalisations. Each therefore represents a fundamentally

different enquiry paradigm. Researcher actions are based on the underlying assumptions of each paradigm. While quantitative researchers seek causal determination, prediction and generalisations of findings, qualitative research seeks illumination, understanding and extrapolation to similar situations and phenomena. Qualitative analysis “results in a different type of knowledge than do quantitative inquiry” (Sep Serfontein 2006). Qualitative inquiry accepts the complex and dynamic quality of the social world where statistical research is not always able to take full account of the many interaction effects that take place in social settings. One of the goals of qualitative research is the generation of theory that is based on inductive reasoning rather than testing theories that are based on deductive reasoning. In the end all research is aimed at a better understanding and it does so by describing, explaining and evaluating the phenomena in the social world.

In this case a study of existing literature was done to understand the development phases of organisations. Authors such as Greiner and Adizes and how they defined the development phases and specifically the start-up phase of an organisation was done with particular reference to the typical activities, attitudes and behaviour of the leadership. A closer look at the business philosophy of new organisations to evaluate effective leadership in a complex project-type environment was done by linking leadership traits with entrepreneurship and leadership in the start-up phase. The leadership behaviour in this phase was analysed further referencing what the leader has to do to start the organisation, to get a market ready product, to take it to the market and to grow the business to the point where the most productive outcome will be to hand over the reigns of the company so that it can grow further. This concept of Entrepreneurial Leadership was further explored and tested against what have been referenced about leadership behaviour in the first phase(s) of the new organisation’s development. Certain conclusions about leadership were formulated in an attempt to define the parameters of the phase and the actual influences on the leaders’ behaviour. A perusal of existing leadership theories was offered as further reference to the required behaviour we are seeking. Statistical research was done using questionnaires that were interpreted with certain analytical tools. The result was that a combination of Quantitative and Qualitative research methods was used to define appropriateness of the leadership traits identified. That made it possible to develop an applied model that can be compared and fitted with existing theory and that can be taught to people starting a new organisation.

Chapter 3 Understanding the Development Phases of Organisations

Only recently have a number of writers suggested that the design, development and behaviour of organisations can be predicted by means of organisational life cycle models (Quinn & Cameron, 1983). The authors agree that the changes that occur in organisations follow a predictable pattern that is characterised by development stages. As a rule, there is agreement that these development stages are sequential in nature, are not easily reversed and involve a broad range of organisational activities and structures (Lavoie & Culbert, 1978).

3.1 The Phases of Organisational Growth

Most leading authors agree on a basic few phases. Quinn & Cameron (1983) made a comparative study of the leading authors of organisational life cycle theory. The work of two leading authors on the topic namely Ichak Adizes and Larry E Greiner will be reviewed. It is prudent to repeat an extract from the Summary Model of Quinn & Cameron (1983, p.35):

1. Entrepreneurial Stage	2. Collectivity Stage	3. Formalisation and Control Stage	4. Elaboration of Structure Stage
<ul style="list-style-type: none"> ▪ Marshalling of Resources ▪ Lots of Ideas ▪ Entrepreneurial Activities ▪ Little Planning and Coordination ▪ Formation of a “niche” ▪ “Prime mover” has power 	<ul style="list-style-type: none"> ▪ Informal Communications and Structure ▪ Sense of Collectivity ▪ Long Hours Spent ▪ Sense of Mission ▪ Innovation Continues ▪ High Commitment 	<ul style="list-style-type: none"> ▪ Formalisation of Rules ▪ Stable Structure ▪ Emphasis on Efficiency and Maintenance ▪ Conservatism ▪ Institutionalised Procedures 	<ul style="list-style-type: none"> ▪ Elaboration of Structure ▪ Decentralisation ▪ Domain Expansion ▪ Adaptation ▪ Renewal

A consistent pattern on development seems to occur in organisations over time. Quinn & Cameron (1983, p.40) concludes that organisational “activities and structures in one stage are not the same as in another stage”. This implies that the criteria used to evaluate an organisation’s success in one stage of development may be different from criteria used to evaluate success in another stage of development. To assess effectiveness with criteria that

does not match the stage of the organisation's development produces inaccurate information about the true level of organisational effectiveness and the "major criteria guiding organisational action" (Quinn & Cameron, 1983, p.41).

The primary focus in this study is on the start-up phase or entrepreneurial stage of a new organisation and the leadership behaviour we can expect. This phase or stage is typified by innovation, creativity and the "marshalling of resources". Quinn & Cameron (1983, p.44) states that eventual success of the organisation depends on its "flexibility, how well it meets criteria for growth, resource acquisition, readiness and the development of external support". In the hypothesis, it is stated that certain leadership traits or types or behaviours are paramount for the successful conclusion of the first stage or phase. It is thus important and significant to note that Quinn & Cameron gives recognition that there is firstly a "prime mover" and secondly that this "prime mover" has "power". They do not primarily link the eventual successful conclusion of the entrepreneurial stage to the "prime mover" as they are more about defining the stages, but they do conclude in their own case study that the "powerful presence of a prime mover lead to high levels of cohesion among workers, a dedication to the organisation's ideology and a sense of unity among the employees" (1983, p.46).

Greiner and Adizes, in particular, will be studied. Quinn & Cameron showed that there is a common theme in stage development models. The Adizes model is, however, the only model that accounts for both maturing and declining stages. The model suggests that organisations develop through distinctive stages but that they also decline in distinctive stages. The model begins with an emphasis on entrepreneurial activity that later becomes coupled with an emphasis on producing results. Formulation, administrative activities and integration emphasis takes precedence as maturity is approached. Organisational decline occurs because of an "over-emphasis on stability, administration, rules and processes" (Quinn & Cameron, 1983, p.49). There can be no denial that these factors have an influence on any organisation to remain entrepreneurial in its being. Greiner was selected because the first stage or phase is generally a longer period in time (until after the Collectivity Stage) and only comes to an end when there is a crisis in leadership – typically born from the need to "rationalise the organisation's activities". The start-up phase is thus a very long or extensive period, critical to the next phases and is defined by leadership per se.

3.1.1 Larry E Greiner

Greiner, in his 1998 review of his 1972 work “Evolution and Revolution as Organisations Grow”, points to the following phases and the underlying energy and ‘crises’ that drives and controls it:

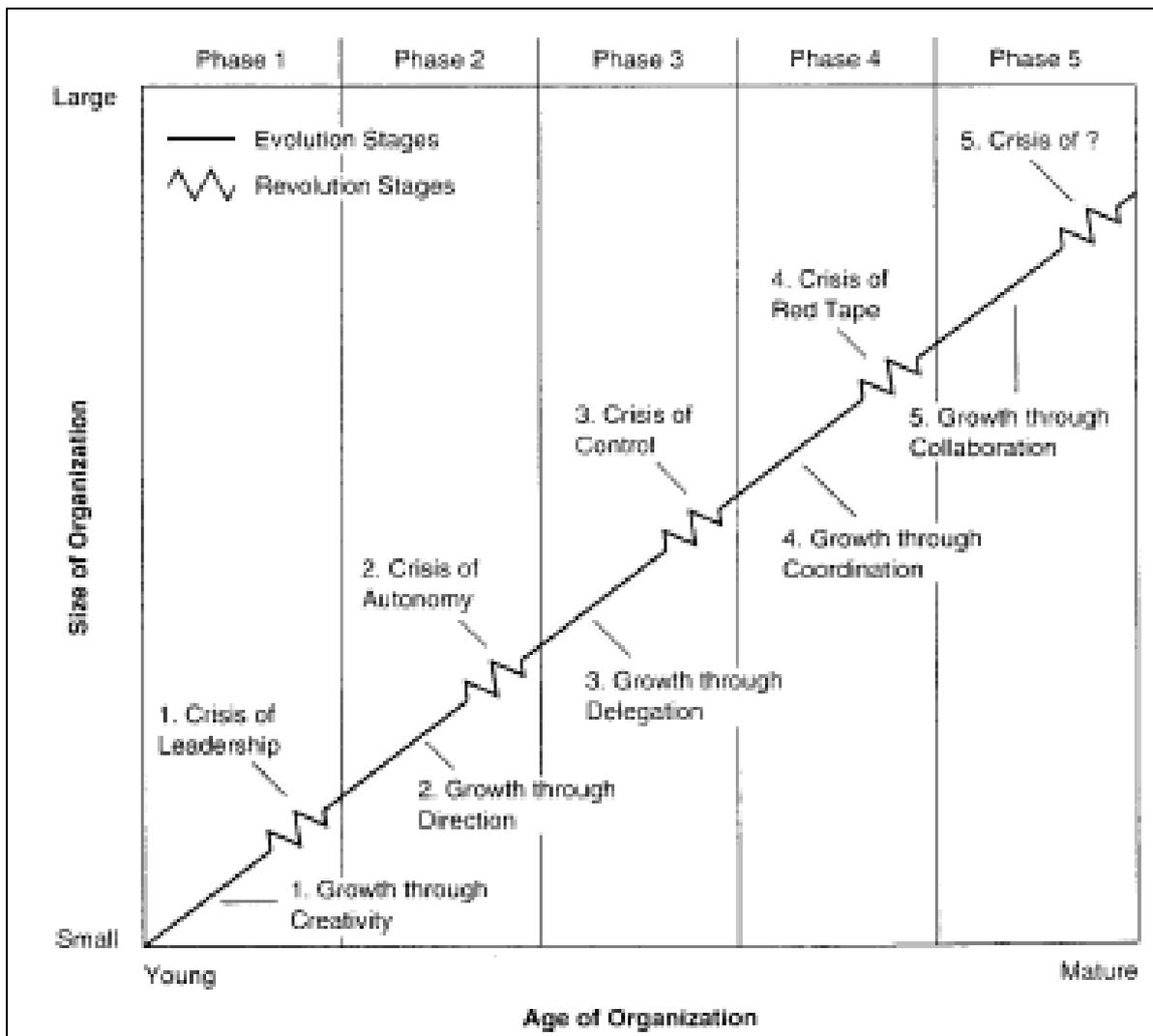


Figure 1 “The Five Phases of Growth” from Harvard Business Review. “Evolutions and Revolutions as Organisations Grow.” Larry E Greiner Volume 50(4) 1972

3.1.2 Ichak Adizes

Adizes, in his book “Corporate Lifecycles” (1988), claims that organisations have lifecycles just as living organisms do. According to him, companies go through “normal struggles and difficulties during each stage of the organisational lifecycle and are faced with the transitional problems of moving to the next phase of development”. Organisations learn to deal with these problems by themselves or they develop abnormal “diseases” which hinder growth.

Adizes claims that the stages in the organisation's lifecycle are predictable and repetitive. Knowing where the organisation is in the lifecycle, enables management to take proactive, preventative measures so that they can deal with future problems earlier or to be able to avoid them altogether. Adizes identified the following lifecycles of an organisation:

1. The Growing Stages
 - a. Courtship
 - b. Infancy
 - c. Go-Go
2. The Second Birth and Coming of Age
 - a. Adolescence
 - b. Prime
3. Aging Organisations
 - a. The Stable Organisation
 - b. Aristocracy
 - c. Early Bureaucracy
 - d. Bureaucracy and Death

Jack Veale (1998) illustrates the Adizes stages as below. "The 'P' in PAEI stands for "Producer", 'A' stands for "Administrator," 'E' means "Entrepreneur," and 'I' refers to "Integrator." These are the four roles of management. That is to produce a result, administer or control to doing things right, create new ideas, not fixing old ones, and to ensure that the organisation has the values to sustain itself" (www.PTCFO.com, accessed 25 October 2007).

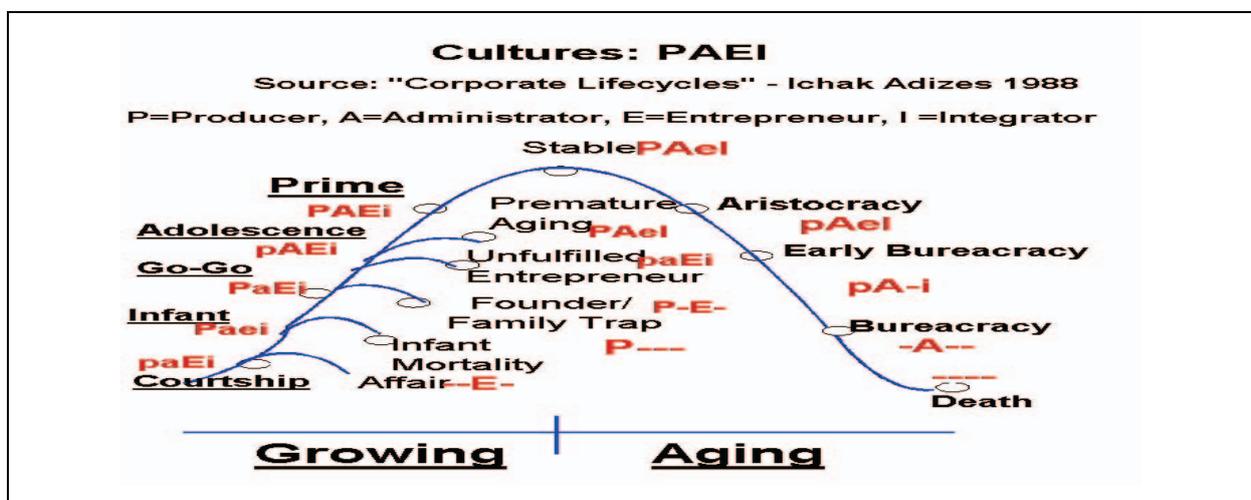


Figure 2 From Jack Veale in *The Business Lifecycle* (1998), [www. \(www.PTCFO.com](http://www.PTCFO.com), accessed 25 October 2007)

Veale (1998, www.PTCFO.com, accessed 25 October 2007) explains his adaptation of Adizes in the following paragraphs:

In the early stages of a business, entrepreneurs create products and services that should result in sales. As the business rises out of creating new products from the COURTSHIP stage, it transitions into the INFANT STAGE, where producing more sales and orders to generate cash becomes the utmost focus. Passing through that stage, the company either creates cash or dies an early death. Once the cash situation is under control the company moves into the GO-GO stage, where it expands its product lines to acquire market share.

With growth comes the problem of consistent profitability. Thus during the ADOLESCENCE stage the company tries to professionalise management and to develop consistency, training and service by using more ADMINISTRATIVE elements. If the company can survive these processes successfully, it will enter the PRIME stage, during which it will create many new infants or growth opportunities.

In further stages of the life cycle, the focus is much less on the entrepreneurial skills that are the future of sales growth, and more on profitability and the status quo, which emphasises INTEGRATION, not results. The loss of this entrepreneurial edge, which is the company's long-term ability to create markets and later the sales production capacity, causes the organisation to age quickly.

The ability to change a culture and rebuild a business requires a return to the "basics" or INFANT and GO-GO stages, thus revitalising the entrepreneurial and essential sales efforts of the business.

This study will make use of both these interpretations in its definition of the start-up or first phase of a new business venture.

3.2 Defining the First or Growing Phase

Organisations are similar to individuals. Life is circular and phased. Every cycle starts with a birth and a death. The phase requires people to look upon life not in a linear way but in a cyclical way. This requires the ability to change and adapt and to manage each phase as a

plan – with a renewed process. It requires continuous learning although the characteristics needed to successfully manage adolescence or early adulthood differs from later phases.

In this section, an in-principle overview of all the phases is given in order to determine methods of measuring when a new phase starts and ends. Adizes (1988) explains that a “new venture progresses through three specific phases namely *pre-start-up*, *start-up* and *post-start-up*. The pre-start-up phase begins with the idea for the venture and ends with the doors open for business. The start-up phase commences with initiation of sales activity and delivery of products and / or services and ends when the business is firmly established and beyond short-term threats to its survival”. The focus of this section is on this first stage, also attempting to further define the start and the beginning of the process until at the end when the outcomes are defined.

Both studies agree that management practices that work well in one phase may bring on a crisis in another. It is therefore important to define clearly, when a phase starts and when that phase finishes. These phases are almost handover gates with very clear beginnings and endings.

This is the point of departure when defining this take-off phase. As phases end and new ones start, it is usually a crisis for the organisation. This is also the point that determines the success of the next phase. It is important to be aware of where the organisation has been, where it is at the stage of change and where it plans to go. Greiner calls it (1998, p.3) “...the company’s new identity”. He points out that the management norm has become to “gaze outward on the environment...as it is more precise market projections will provide the organisation with a new identity”. This implies a very definite point in that the future of the organisation lies in its history and that organisations therefore can only grow if they go through these *developmental phases* – in line with its 1920’ and 1930’s psychological heritage that claims that your future lies in your past (Freud, etc). The principle is that each phase goes through its own periods of evolution that starts with steady growth and stability and ends with organisational turmoil or what Greiner calls the “revolutionary” period. The key to the transition is, however, a resolution of the “revolutionary period” otherwise, it cannot effectively move on to its next stage of evolutionary growth. How the transition is handled, is the key to the new growth phase and to success.

Greiner takes a holistic approach to organisational development that includes specific analysis of the organisation's age and size, its stages of evolution and revolution and the growth rate of the industry. As this study only focuses on the first steps and phases of the organisation and the leadership dynamics that pertains, it will not go into a full analysis of the Greiner work but rather take from it what is applicable to eventually build a model of management and leadership traits that supports the "baby steps".

To start with the life span of the organisation is the most obvious and essential dimension of organisational analysis. There are many examples. Greiner also underlines the fact that the same organisational practises are not maintained throughout organisational growth phases. These are not necessarily planned and it is sometimes only clear what management changes have occurred if an assessment of some is made.

This study, however, is after that leadership behaviour, that person or people who gets the idea or for that matter gets the organisation "out of the blocks". Maybe a last point on life span of the organisation, the different phases and the industry in which it operates. As a general rule is it accepted that companies that operate in a growing industry, grow similar to that of the industry, and as a result, the different stages will happen over a shorter period. The phases of the organisation, or in this case, the first phase of the organisation, are therefore directly linked to the size of the organisation (Greiner, p. 60). *Size* is relative and will not be discussed in this study. The other important point is that each phase is a cause for the next phase. Greiner observed years later that these phases last anything between three and fifteen years.

3.2.1 Greiner Phase 1: Creativity

The following few paragraphs are excerpts from Greiner's *Evolution and Revolutions as Companies Grow* (1998):

Greiner points out that "every phase contains its own unique structure, systems and leadership" (1998, p.9). Greiner's first phase is labelled "**Creativity**" and is probably more unique than any of the other phases – even if it is purely because it is not preceded by another phase. The table is not even clean – there is not even a table yet. This section will attempt to summarise the **Greiner creativity phase**. The birth of the organisation is defined by creating

a product and creating a market. Not one of the two is automatic. A close look at the *personalities of the founders* reveals the following traits (Greiner, 1998, p.4):

- they are technically and entrepreneurially orientated
- they generally disdain management activities
- their physical and mental energies are absorbed entirely by making and selling a product
- communication among employees are frequent and informal
- the founders typically work for long hours
- they risk a period of low income or no salary
- they are driven by the promises of ownership benefits, and that
- they realise that their decisions and motivations are highly sensitive to market place feedback (management acts against customer's reaction) and they prepare themselves for it.

All the above individualistic and creative activities are essential for a company to get off the ground. It is not directly part of this study but it is necessary to underline that the Greiner theories specifically make the point that however important and essential the above traits and energies are in the first phase of the business, these very characteristics may lead to problem when the founders find themselves burdened with “unwanted management responsibilities” (Greiner, 1998, p.5). In between “longing for the good old days” whilst trying to act as they did in the past, conflicts with harried leaders emerge and grow more intense. This crisis in management is relevant because it marks the end of the first phase or as Greiner calls it the “onset of the first revolution”. Greiner (1998) continuous, “evolution is not automatic – it is rather a contest for survival. To move ahead, companies must consciously introduce planned structures that not only solve a current crisis but also fit the next phase of growth”. Further behavioural traits and behavioural characteristics are identified at this point:

- Considerable self-awareness as well as great interpersonal skills to be able to persuade other managers that change is needed
- The ability to locate and install a strong, able, directive leader and business manager that by definition has a different skills-set than the founders' ito knowledge and skills – someone who can introduce new business techniques

- The ability to pass the baton and to trust his decision to pass the management of the company on to another person

A pseudo point of interest is also worth mentioning. Founders of a company that are aware of the problems ahead could well decide not to expand the organisation. They might decide that they prefer the informal practises of a small company knowing that this way of life is inherent in the organisation’s limited size and not in their congenial personalities.

It is important to again point out that the end of the first phase and the beginning of the second phase is slightly but importantly different from the other phase transitions. In practice, phases are not as cleanly marked off as depicted by Greiner. “The vestiges of one phase remain as new approaches are introduced. Such overlaps are most notable in the case of the first phase entrepreneur hanging on when professional management is added in the second phase of direction” (1998, p.10).

The above is in a way easier to depict on an industrial or consumer goods company but knowledge organisations and the service industry per se are not different. It is easy to imagine that in the first, entrepreneurial phase, the professional service organisation pursues and tests a variety of market paths. Enter the effect of leadership in the picture. Greiner points out that the phase may end with the “partners arguing about whether or not to stay together whether they should concentrate on one partner’s vision for the future” (1998, p.5). All of the above traits are important and will be considered when the traits and behaviours of the effective start-up manager are tabulated. For reference against the later stages, Greiner summarised the *organisational practices* in the first phase against the other phases as follows:

Organization Practices During Evolution in the Five Phases of Growth.

Category	PHASE 1	PHASE 2	PHASE 3	PHASE 4	PHASE 5
MANAGEMENT FOCUS	Make & Sell	Efficiency of operations	Expansion of market	Consolidation of organization	Problem solving & innovation
ORGANIZATION STRUCTURE	Informal	Centralized & functional	Decentralized & geographical	Line-staff & product groups	Matrix of teams
TOP MANAGEMENT STYLE	Individualistic & entrepreneurial	Directive	Delegative	Watchdog	Participative
CONTROL SYSTEM	Market results	Standards & cost centers	Reports & profit centers	Plans & Investment centers	Mutual goal setting
MANAGEMENT REWARD EMPHASIS	Ownership	Salary & merit increases	Individual bonus	Profit sharing & stock options	Team bonus

Figure 3 “Organisation Practices during Evolution in the Five Phases of Growth” from Harvard Business Review. *"Evolutions and Revolutions as Organisations Grow."* Larry E Greiner Volume 50(4) 1972, p.11

3.2.2 Ichak Adizes: the Growing Stages

“When organisations are young they are flexible but they are not always controllable”. So says Ichak Adizes in his book “Corporate Lifecycles” (1988). Adizes continues and says that “as organisations grow, this relationship changes - controllability increases and flexibility decreases.” Adizes says **young** means the organisation can change relatively easily, although what it will do because it has a low level of control, is fairly unpredictable versus **old** that means controllable behaviour, but the organisation is inflexible; it has little propensity to change.

Adizes concludes that prime time for an organisation would be when the organisation is “both flexible and controllable, when it can change direction and make that change as desired.” However, the search is for traits in that special leader that heads up and leads the organisation before it reaches the stage when the organisation can control what it wants to achieve: the leader that ensures the foundations are solid and in place; the leader or management that provides for balanced growth and who can take the organisation to its prime state.

The following is a general discussion about the typical energies and dynamics that prevail when a new organisation is thought about and founded. The discussion uses Adizes as a structure. It attempts to have a separate and more practical discussion as compared to Greiner but to use the common ground and then identify the traits of the person who can successfully start and lead a company.

Chapter 4 Leadership in the Start-up Phase – a Discussion

A “historical bias in the literature on organisational analysis and design” has created a tendency to generate studies that rather “focus on mature than new organisations” (Quinn & Cameron, 1983, p.33). The result is that all stakeholders understand proportionally less about starting an organisation than the other well studied areas of management science application such as **Organisational Development** - that pertains more to the existing or mature organisation. To bridge this divide, triangulation of data will be commonly used to discuss leadership during the start-up phase of the organisation.

In Robert Moment's work, *The Seven Traits of Successful Entrepreneurs* (2004) he states that “Whether or not a person is an established entrepreneur or just starting out on its journey, there are particular traits usually found within the exceptional entrepreneur (www.webpronews.com accessed 25 October 2007). Robert Moment (2004) points to particular traits that are “deeply embedded within the exceptional and successful businessperson”. It must be pointed out that Robert Moment’s work is all the same typical of many people that have tried to define the successful entrepreneur but can also be misleading. It, and the other, falls short in that it mainly addresses the entrepreneurial and not the leadership in the start-up. Questions such as “what must he do?”, “what is expected of him as a leader?” are not really answered.

To lead the discussion on leadership during the start-up phase Robert Moment’s work is valuable in reference (www.webpronews.com accessed 25 October 2007). Here an interpreted summary of his work:

<p>The exceptional entrepreneur has an <u>equitable and unbiased disposition.</u></p>	<p>Plain and simple the successful entrepreneur recognises that no one is above or below anybody else. With an attitude of respect for others, the successful entrepreneur gains the respect from everyone he encounters. Strategies, attitudes and methods filter down to each person and reflect on all actions and activities. A successful entrepreneur gives everyone the space to be great.</p>
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<p>Starting out as an entrepreneur requires <u>persistence, determination and a high level of self-discipline.</u></p>	<p>The successful entrepreneur believes and trusts his or her own ideas and instincts. Continuing as a successful entrepreneur requires this and even more persistence, determination and self-discipline. The wise and successful entrepreneur knows this and works hard at developing his level of confidence. He has a strong code of ethics and believes in himself – and he simply <i>knows</i> that his ideas can work. Having the desire and passion are the first steps on the journey; getting there requires self-belief.</p>
<p>The successful entrepreneur <u>follows a plan.</u></p>	<p>Haphazard or trial and error have no place for the triumphant entrepreneur. The most successful entrepreneurs start out by writing a basic business plan that acts as the impetus and guide for his endeavours. It does not have to be fancy or lengthy but it should include marketing strategies, goals, intentions, ideas and why the new venture can do better than its competition. A business plan should be reviewed and updated periodically for each new idea stirs and inspires other ideas.</p>
<p>The successful entrepreneur is not afraid of <u>thinking creatively.</u></p>	<p>Whether a business idea has already been tried makes no difference to the exceptional entrepreneur. He or she sees better ways of doing things and knows that every idea can be expanded upon, made better, enhanced or broadened. The successful entrepreneur is willing to think outside the proverbial box, which means using imagination, trying new things and expanding on a vision. The perceptive entrepreneur pays careful attention as to whether a particular strategy is working. If after giving it his best shot the entrepreneur realises the particular strategy is not working, he knows there is no point in continuing to invest energy, time and effort in the strategy. He moves on to another approach and idea.</p>
<p>The successful entrepreneur stays <u>open to change</u> but gears himself for the inevitable opportunity by changing probability in his favour.</p>	<p>The successful entrepreneur realises that everybody has strengths and weaknesses as well as a multitude of skills and talents. Successful people ask themselves often what skills they have that no one shares in quite the same way. An exceptional and successful entrepreneur <u>explores their particular skills until they find the ones that match most closely with their ideal.</u> He does not try to be and to do everything. When he needs help, he is willing to find someone who can do it better. The successful entrepreneur stays open to change for he recognises that as he moves forward, doors open in unexpected places, and that will help to carry them to the next level of success.</p>
<p>The successful entrepreneur gives <u>time to envisioning</u> how he wants the business to look and how he wants it to operate.</p>	<p><u>Intention</u> is a powerful and dynamic tool. The successful entrepreneur knows he has the power to live life the way he wants, but to make it a reality; he knows it has to realise first. He also has to stay focused on that vision and help others direct their energies by communicating that vision.</p>

<p><u>Giving up is never in the vocabulary</u> of the successful entrepreneur.</p>	<p>Of course, there may be days when the entrepreneur feels discouraged or disappointed, but giving up is not an option. Having faith, trust, confidence and determination are the qualities he can build on to be successful. To keep this focus on track, he seeks out the support of those who know him, who encourage him and who bring out his natural enthusiasm. The smart and successful entrepreneur realises that there will be good days and not so good days. Being an entrepreneur requires accepting the ebbs and the flows of business for it is, in fact, what separates the exceptional and successful entrepreneur from the one who gives up far too soon.</p>
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It is not the purpose of this thesis to explore all the literature on the topic of leadership, entrepreneurial management, entrepreneurial leadership, successful management, etc. The above is to a large extent logic and almost popular knowledge. It has tried to make this knowledge practical and to go beyond the understanding of what is wrong and what is needed by reaching a point where the typically mentioned Robert Moment’s identified traits can form the ingredients of the answer and roadmap to knowledge that can be taught. The following section follows on from the dynamics of the start-up phase. The discussion is open and less academic and is meant to underline practical qualities and realities faced by the owner-manager of the enterprise at this stage of the organisation’s life.

4.1 The Challenge of Seeking Commitment

When the company or business is just an idea and possibilities that the future offers, the innovative person experiences an indefinable excitement. Although others might question this excitement and enthusiasm, it is of no real interest. What is important is that the leader at this stage is “only selling the idea to himself”; in other words, the commitment to the ideas are built internally and yes, at the same time is also being tested with others but probably more in the framework of a soundboard in which case the leader unconsciously grows his own commitment by testing his or her ideas with others and getting a positive response. He is not selling yet, he is building commitment – his own commitment. This period or process is generally accompanied by excitement, enthusiasm and emotion and with the desired energy coalescing to one point to be released.

As Pino (2004) points out “the process of building commitment can generate abnormal problems, complexities or pathologies” (www.moneymakersofamerica.com accessed 25 October 2007). While ‘building commitment’ the owner / founder (or leader) could be

making promises, which he might regret at a later stage. One frequently sees founders of a company promising or giving away shares just to ‘buy’ some commitment from others. This has hardly anything to do with selling the ideas to others; it is all about selling the idea to himself, which is easier if other people start showing support for the idea. It is not a serious shareholders meeting, it is merely discussion along the lines of ‘I tell you what...’, ‘what would you say...’ or ‘I will give you... if you can sort this out for me’.

This is also a potential shortcoming of the innovator or founder of the idea. The idea might be sound but he or she might not know how to register the product, or where and how to get labels or packaging, or even just to register a company. It is more than just a case of ‘allowing’ the innovator to get on with the product development; it is specifically linked to inexperience in a corporate or formal business environment. Of course, the company has no tangible worth at this stage so giving away shares is like paying people for their support or their assistance.

Although this is not true of all or even most new companies, it is typical of what can transpire at this very interesting stage of a new business. A lot of good ideas and intentions to “go into business” but an organisation are only born when commitment has been successfully tested. This is the critical point when risk is undertaken. Conversely, the organisation can die when no one shares the commitment for the new company’s operation. The degree of commitment is a function of the degree of risk the organisation is prepared to take once it is born. Slightly off the point but pertinent to this function, is the notion that a company needs more than just a good idea to start, or even a good idea and a market, or even worse a good idea, a market and the money to back it up. What every new company needs is a **(product) champion** – somebody that is not going to sleep once the new company is born. Here the leader enters again, the commitment of the person who is going to turn the idea and findings of the market research into reality.

Commitment is a combination of factors but is mainly money and time. The bigger the task, the more zealous the commitment must be; it should be commensurate with the difficulty of making such an organisation work on the long term. The difficulty of starting an organisation can be evaluated by the complexity of putting it together, by the promptness of positive feedback and by the degree of innovative abilities. If the commitment is not commensurate with the difficulties to come, it is expended on ‘labour pains’ and a stillborn organisation is

delivered. It must be seen at a macro level. In a small organisation, it is almost as dramatic as “are the founders prepared *to die* for the cause?” Building a **high level of commitment** is the key to success. If the commitment is not substantial, the organisation will often break up at the first signs of rough times.

4.2 Product Orientation – Self-Motivation

What drives people during the difficult start-up phase? The question always begs if the founder / product champion is motivated only by money. It is an insufficient commitment at this stage of the company lifecycle. Pino (2004) explains that “the motivation of the founder has to be transcendental; it must exceed the narrow limits of immediate gain. The commitment cannot only be rational. First and above all, it must be an emotional commitment to the idea and its functionality in the market place. The founder should be responding to a perceived need. The idea should obsess him so that he cannot help but satisfy that need. The eventual profits or money is merely validation of the founder’s evaluation of the situation” (www.moneymakersofamerica.com accessed 25 October 2007).

It should be clear that the founder’s motivating goal should be to “satisfy a market need, to create value-adding products or services. The founder should be excited about the needs that the product will satisfy and when challenged, he must be able to defend the functionality of the product and / or the service” (Pino, 2004). Ask the founder to describe the company five years hence; he should describe it as an organisation that is servicing clients increasingly well, one that is satisfying the needs of the market more effectively. If the feedback is exclusively around *Return on Investment*, his or her commitment might not be sufficient to sustain the newborn company should difficulties arise in the future. A firm belief in his company’s goals will help to secure a successful deal with a client. It is important to understand that this commitment to client needs is independent to whether the client perceived the need or not. As Adizes (1988) puts it, the founder is a “prophet” who makes statements about the “needs, as he perceives them – not necessarily as expressed by potential clients. The founder thus stresses what the market *should* buy, not necessarily what they *are* buying”. If the market needs are known, and if the market already expressed its wishes in high sales volume of the product or service, the innovation and risks are lower and the necessary commitment can be lower. One can actually accept that *Return on Investment* is more of a limiting factor than a driving one.

People who are exclusively interested in money or *Return on Investment* will get discouraged and quit before profits are realised, as profits are not always coming in. Ideas must be made operational and in the process of doing so mistakes can be made that might mean losing money. Those who are motivated by the idea of satisfying needs will continue experimenting and searching for the right solution to satisfy those needs. **The personality profile is thus one of being prepared to learn first and to win later.**

Most entrepreneurs and people that start a new business do so by merely selling or representing existing products. Retail examples are all around us. There are of course variations on the product but essentially market-orientated businesses either take an existing product range to a new market or sell similar products in an existing market. Market penetration, advertising, distribution and branding all play their part to make the new business successful. Franchises have become a very popular way of starting an own business mainly because the new owner does not need to “package” a value proposition. It can just be rolled-out and ultimately be competitive against similar offerings. It is still not an easy thing to do and still takes full commitment of the new business owner. In this study, we will also consider the “inventor” that takes a new product to the market. The entrepreneur who starts a company for needs that have not been satisfied or expressed yet is product-orientated rather than market-orientated. He is committed to a product that he believes will satisfy a need in the market but has difficulty in articulating. He or she does not respond to an expected market need, but instead tries to educate and change the behaviour of the market. Through his actions, the need is *articulated* and *operationalised*. The risk is very high that the business society rejects him. The message is not understood because until the product works, the market does not understand the need.

From an organisational point of view, this makes him very vulnerable to those who come and promise help in selling the product. In promising to produce a marketing capability, these newcomers might take a significant share of ownership. There certainly are many examples of the ‘prophet’ that is more orientated to the product than to control or *Return on Investment* and eventually loses control of the company he or she is trying to make work to a “marketeer”. **The only reward the founder gets is that the product will survive and be accepted.** It is often the marketeer that enjoys the fruits of the innovation i.e. money and recognition. This might be a case of pure personality where the inventor of the product just

does not have the ability to be the public face of the product / organisation. The prophet-type founder focuses on what the market should want and that necessarily orients him to the product or service that should satisfy that need. Since the product or service must be developed the founder must be product-orientated until the qualities, capabilities and functionalities of the product are accepted. The risk is also always there if the founder “over listens” to the market, he will accommodate the perceived need pre-maturely.

It is a known problem of founders to be accused of being ignorant about strategies and realities. It might become a problem if the founder does not know when to let go of his exclusive dream and stay product-orientated too long. It is, however, not incurable. With attention to technology and client interface, financial and human factors, the founder can develop to become “management”. Largely this is exactly what this study wants to achieve. The tangible aspects can be taught but are they enough? This and other intangible management traits are necessary to survive and to come out strong after the start-up phase of the organisation.

It is a given that in order for the organisation or new company to be a healthy one, the commitment of the founder is essential. However, the time will come when he needs to be realistic and knows how and when to let go. This is generally a sign that the start-up phase is giving way to the growth phases. This paradox makes it difficult to appraise the qualities of a good founder or the company leader at this stage. It becomes a fine balance between justifying commitment versus letting go. The healthy founder is highly committed and at the same time has an eye on the reality. He is committed but flexible. He learns from experience. A founder is a reasonable person – someone who has fantastically strong beliefs, but one who will also listen to reason and to the opinions and ideas of others. He can apply reason to a dream without destroying it. The commitment is tested to reflect future reality while it still survives.

4.3 Starting - Results

Once risk has been taken, the nature of the organisation, changes dramatically. The focus shifts from ideas to possibilities, to the production of results also known as sales, sales and more sales. This applies equally to service companies who are also selling their products (knowledge and time). This is a trying time for most fledging companies: there is no longer

time to talk only time to act. Dreaming is shunned and discouraged. The paradox is around risk. The higher the risk, the higher the commitment needed to ensure success. The founder has to be a dreamer that can build commitment to the dream. Once the business is started, a very hard-working, results-orientated founder who is no longer a dreamer is paramount. At this stage, there is a definite switch in focus and personality. Pino (2004) concludes that it “takes a very special person to take the transition from a prophet to an action leader who makes the “prophecy” come true”. This is the person / character traits this study is trying to define. The question begs if the switch is so complete. Is it not enough to just build a brand and by making sure that, the customers are satisfied or that their responses are learnt from? These points are certainly not sales issues and in theory have a place. It is however highly improbable that a new and small organisation can afford (in terms of funds and management) that the founder can remain in “prophet” mode – even though it feels like it connects more directly with the vision that has motivated him up to this point. It is therefore essential for the switch to be complete as definite action is required; more importantly, a change in the role of the owner-founder is essential.

4.4 The Organisation: Problems that occur during the start-up stages

A start-up company typically has few policies, systems, procedures or even budgets. Most people, including the head of the company, at a certain stage should be out there selling – doing. There are few staff meetings and although the company is usually centralised, it is best described as a *one-man show* – that is the person this study tries to help and support. The founder has already taken the big step of starting out on his own. Instinct is probably not adequate in most cases. While the founder rushes ahead full steam without full knowledge of all the strengths and weaknesses, errors are made - mainly because of excessive commitments in the mistaken belief that promises can be met. Schedules may be overbooked and delivery dates may be postponed or might be wrong. The business systems are not effectively in place at this stage, although the organisation is responsive to client needs and complaints. During these growing pains, the leader adapts, adjusts and applies new methods of solving problems. People are hired as they are needed. The new organisation is usually late in hiring the people it needs mostly. People are asked to start work immediately. People are promoted just for doing their jobs and by helping the founder - the best time for an honest employee to start with an organisation. One definite trait at this stage is the fact that the new organisation often has no managerial depth; it has no record of accomplishment and no experience, so a mistake

in product design, production, sales, service or financial planning can have fatal repercussions. The buck stops with the person that has to keep it all together. Most start-up companies run on a shoestring budget and do not have the capital or the people to develop a complimentary management team that is necessary to establish well-balanced business decisions and to support any decision-making processes. The shortcomings of many decision-making tools are underlined at this point. Decision-making is in the proverbial trenches where results are a matter of corporate life or death.

No company can stay in this phase forever. The time and emotions to keep a new company together and alive often far exceeds the economic returns it has to offer. If the start-up phase is thus prolonged, pride of ownership will wane. This calls again for definite skill, the ability to move the new company out of the very taxing start-up phase, to move away from *crisis management* and to get the company's back off the wall so that decisions can be made more rationally. The main reason for this is to ensure that the initial success of the company can be consolidated and be built upon. This point out the very turbulent conditions of the start-up phase and what it demands from the leader in that position to keep the *car on the road*.

There is no doubt that cash flow and the founder / leader commitment are very important factors (variables) in the start-up phase of an organisation. It is beyond the scope of this study to elaborate on the reasons and possible solutions for the inevitable cash flow challenges. The importance of the founder's commitment is however discussed. It is clear that up to this point it is certainly a *one-man show*. It is clear that for any new organisation to survive this phase, it demands the full attention, total dedication and total commitment of the founder. This has serious implications to family life. However, the founder's commitment is not always lost due to the absent support of a spouse; it is often because of outside interference. As previously pointed out, the founder sometimes gives away shares for the wrong reasons and this can hurt him at this point. The moment the founder feels that the company is no longer his own, the commitment may die. This is not only true for new organisations but also when a new division is formed in an established organisation. Every time the new division thinks of implementing something new, the corporate head office requires the completion of many actions and protocols. That requires excessive time to get through the proper channels. With too much aggravation and interference from the corporate parent, the founder of the unit may walk away – “you make the rules; you run the show”. In most corporations, there are so many rules and regulations controlling new ventures that the environment creates infertility.

Why and how this happens is another topic and outside the scope of this study. It is, however, interesting, because they all had to start a company at some stage and did have success due to the initial founder and leader. In the beginning, there were many innovative actions. Once lost it is very difficult to get back. Why does a company lose it? Adizes (1988) says it is because of the inability of the founder to transfer its innovative, hardworking and entrepreneurial culture to the new management. That is a definite responsibility to hang on the door of the founder.

4.5 Action Orientation and the lack of planning and systems

Because the new organisation is fighting for survival, decisions must be made promptly. Since there is no significant experience record of accomplishment, there is very little organisational memory and few rules and policies. Many decisions are first time precedents, i.e. the company is very much in crisis management mode. The staff at this stage is highly task-orientated. There is limited time to plan or think. There are no titles, organisational charts or hierarchy in this environment, no delegation of authority or responsibility; no organisational memory and what works and what do not work has not been established. Experience must be gained first. The irony is also the paradox. Since the organisation is still short on cash, or is not generating enough yet, it cannot allow people to learn from mistakes. It is the job of the founder to keep a very close eye on the organisation for it to survive. Close friendships within the company may help, but to gain trust and commitment, the founder-leader must experience it all first-hand with a willing-to-learn attitude.

4.6 The Concept of Entrepreneurial Leadership

Entrepreneurship is the key action that is required by the many stakeholders that have an interest in Small Medium Enterprise (SME) development. Many structural components are essential to starting a new venture. They are also all critical factors in the event of eventual success. These include a well researched market, a practical business plan with timelines, sponsors, financial sources, a product that is either new or competitive, basic ideas on the route-to-market, distribution, corporate image, branding, marketing, etc. As critical as these components are to the venture they will however not necessarily ensure success. Behind these components are the founder and leader of the organisation. Entrepreneurial Leadership calls on that person to be more than a business manager or controller. A combination of

leadership skills, traits and behaviours make up an invisible difference between failure and coming out strong after the first development phases of the venture.

4.6.1 Strategic Leadership for Emerging Ventures

It is almost predictable that pace and magnitude of change in the business environment will continue to accelerate in the immediate future. The evolution and transformation of entrepreneurial firms are sure to become critical and essential. Building dynamic capabilities that differentiate them from their emerging competitors are the major challenges for upcoming firms as they evolve and transform themselves to accommodate the changing landscape. According to Kuratko and Welsch (2001), there are two ways of building dynamic capabilities. “They are internal – the utilisation of the creativity and knowledge of employees, and external – the search for external competencies to complement the organisations existing capabilities” (p.32).

Globalisation, technology and information movement are all examples of forces that are causing organisations to re-examine their cultures, structures and systems in terms of their flexibility and adaptability. Innovation and entrepreneurial thinking today are essential elements in the strategies of any venture and even more so for the start-up and growing organisation. Once an organisation endorses innovation it becomes all encompassing, as it has to become part of the systems, operations and culture. Process innovations too have become a major source and stimulus of innovative thought. There is very little doubt that innovation at all levels has today become the key managerial challenge of most types of organisations operating in most kinds of business environments.

4.6.2 Transition from an Entrepreneurial Style to a Managerial Approach

In order to further explain and define entrepreneurial style, it is necessary to look at another part of any venture’s early stages, namely the growth phase. Whereas this phase naturally follows from the start-up phase (note the definition of the start of viable repeat orders), the growth phase introduces actual process management to the venture. The growth phase is thus a transition phase and authors differ if the start-up phase of the organisation should be seen as part of the start-up phase but either way it is still applicable, pertinent and very important. It is imperative to understand the demands on the founder-leader during this phase on the one

hand but also to understand entrepreneurship in a managed or structured organisation on the other. Greiner also sees the end of the start-up phase as the onset of the inevitable leadership crises.

Kuratko and Welsh (2001) underlines the points that any venture's transitional stages can easily be "complimented or retarded" by the entrepreneur's ability to make a transition in style. The transition from start-up / entrepreneurial to growth / managerial is a key transition. This move is not easy but it is particularly important at the end of the start-up phase when the company is moving from an one-person entrepreneurially managed business to one run by a functionally organised, professional management team.

Any number of problems can arise in making this transition especially if the enterprise is characterised by factors such as highly centralised decision-making systems, an overdependence on one or two key individuals, an inadequate repertoire of management skills, training and a paternalistic atmosphere. These characteristics, while often effective in the start-up and survival phases of the new venture, pose a threat to the development of the organisation during its growth stage. Quite often, they inhibit the organisation's evolution by detracting from the entrepreneur's ability to successfully manage the growth phase.

4.6.3 Balancing Entrepreneurial and Managerial Styles

Two important points must be remembered when managing the growth stage. Firstly, the "entrepreneur of an adaptive firm needs to retain certain entrepreneurial characteristics to encourage innovation and creativity in its personnel while personally making a transition towards a managerial style. This critical entrepreneur / manager balance is extremely difficult to achieve" (www.bengawansolo.net accessed 25 October 2007). Everybody enjoys it to be innovative, flexible and creative but not everybody is successful in moving into a managerial role.

To remain entrepreneurial in nature, while adopting certain administrative traits are however critical to the successful growth of an organisation. Gagnon et al (2000, www.questia.com, accessed 25 October 2007) states that "strategic orientation, commitment to seize opportunities, commitment of resources, control of resources and management structure" are critical to the balance needed to manage entrepreneurially. For example, the commitment of

resources in the entrepreneurial frame of mind responses to changing environmental needs whereas the managerial point of view is focused on the reduction of risk. In controlling these resources, entrepreneurs will typically avoid ownership because of the risk of obsolescence and the need for greater flexibility, whereas managers will view the factors of efficiency and stability as being accomplished through ownership. In terms of structure, the entrepreneurial emphasis is on a need for flexibility and independence, whereas the administrative focus is on ensuring integration with a complexity of tasks, a desire for order and controlled reward systems. These examples of differences in focus help establish the important issues that are involved in both ends of the managerial spectrum. Both points of view, entrepreneurial and administrative, have important considerations that need to be balanced if effective growth is to occur.

4.6.4 Corporate Entrepreneurship: Entrepreneurial Thinking

The desire to pursue corporate entrepreneurship has raised from a variety of pressing problems, amongst them the following (Hoy, 2006, www.allbusiness.com, accessed 25 October 2007):

- required changes, innovations and improvements in the marketplace to avoid stagnation and decline
- perceived weaknesses in the traditional methods of corporate management
- the turnover of innovative-minded employees who are disenchanted with bureaucratic organisations.

Burgelman (1983) concludes that progress in understanding the process of corporate entrepreneurship may help the development of new managerial approaches and innovative administrative arrangements to facilitate the collaboration between entrepreneurial individuals and the organisations in which they are willing to exert their entrepreneurship. The eighties and nineties saw corporate strategies focus heavily on innovation. Peter Drucker in *Our Entrepreneurial Economy* (1984) describes the four major developments that explain the emergence of this economy:

- the rapid evolution of knowledge and technology has promoted the use of high-tech entrepreneurial start-ups

- demographic trends such as double income families, continuing education for adults and the aging population have fuelled the proliferation of new developing ventures
- the venture capital market has become an effective funding mechanism for entrepreneurial ventures
- American industry has begun to learn how to manage entrepreneurship.

The last two points obviously pertain to America and the world's leading economy and not yet to South Africa. The points are however very important – although in another realm of (SME) business development. They serve as a macro economical warning to South Africa. Entrepreneurial organisations will not develop to its important contributing role if there is not a culture of venture capital (in South Africa). South Africa must guard that a conservative banking approach (that is protected by government) do not exclude entrepreneurs from the economy. The second important point of warning is also not to exclude its traditional entrepreneurial (white) population. With a conservative banking sector that is venture capital and thus risk averse in combination with the government initiatives to only promote certain population groups, great opportunities to develop its SMEs and thus stimulating the economy will be lost. On the other hand, if true and unambiguous venture capital support is offered in time, the economy will no doubt grow to its full potential, solve unemployment and put Africa amongst the industrialised nations. It will only be when the playing fields and opportunities are level and available to all entrepreneurs, that South Africa will start to value Drucker's fourth point of learning, namely how to manage entrepreneurship – and with that ensure its full potential.

Drucker (1984) concluded, “The contemporary thrust in entrepreneurship, as (potentially) a major force in business, has led to a desire to foster related activity”. Although some researchers have concluded that entrepreneurship and bureaucracies are mutually exclusive and cannot coexist, others have described successful entrepreneurial ventures inside the corporate framework – even in South African big corporates (Sep Serfontein, 2006). Today, a wealth of popular business literature describes a new “corporate revolution” which is attributed to the infusion referred to as corporate entrepreneurship or intrapreneurship.

Gifford Pinchott (1985) coined the term *intrapreneurship* to describe entrepreneurial activity inside the corporation where “individuals *champion* new ideas from development to complete profitable reality”. Other authors have expanded this definition to include sanctions and

resource commitments for the purpose of innovative results. On the surface, this concept may appear straightforward. Other authors such as Hans Schollhammer in *Internal Corporate Entrepreneurship* (1982) propose five broad types of “internal entrepreneurship” namely administrative, opportunistic, imitative, acquisitive and incubative. Incubative entrepreneurship most closely resembles the entrepreneurial model because it refers to the creation of semi-autonomous units within the existing organisation for the purposes of sensing external and internal innovative developments, screening and assessing new venture opportunities and initiating and nurturing new venture developments.

Karl Vesper (1984), as explained in Kuratko & Welsch’s *Strategic Entrepreneurial Growth* (2001), identified three major points-in-time of corporate venturing: new strategic direction, initiative from below and new business creation. Vesper believed that corporate venturing could be any one of these individual types as well as any or all possible combinations of them. Similar to Schollhammer’s incubative form, the “initiative from below” approach, where an employee takes something new (innovation), best represents the type of corporate entrepreneurial activity that has become recognised as intrapreneurship. While all these forms of intrapreneuring are considered important, the factors that are essential in developing an entrepreneurial environment are the focus here. If an organisation’s atmosphere does not support innovative efforts, then intrapreneuring, in any form, will probably not occur.

There has been growing interest in corporate entrepreneurship since Schollhammer and Vesper and particularly as a way for corporations to “enhance their employee’s innovative abilities and at the same time increase corporate success through the potential creation of new corporate ventures” (Schollhammer, 1982). No different from the reasons governments are supporting the development of SMEs, corporations are also seeking entrepreneurial advantages.

With SME development and thus entrepreneurship becoming a viable alternative to corporate life, corporations are in a way forced to become more entrepreneurial if only to attract these valuable employees. In previous years they might have been called *trouble makers* but they are fast becoming the jewels in the new corporate organisation. Continued innovation in terms of products, processes, administrative routines and structures plus the ability to compete effectively in international markets, are among the skills that are expected to increasingly influence corporate performance in the growing global economy. Corporate entrepreneurship

is seen as a process that can facilitate corporate efforts to innovate constantly and cope effectively in the ever-increasing competitive reality. Entrepreneurial leadership has gone a full circle. In many cases, entrepreneurial leaders started what have become huge international corporations. In line with both Greiner and Adizes, these corporations have suppressed innovative thinking largely among its middle management and employees per se, forcing the natural entrepreneurs outside the organisation. In recent years, governments have by regulation and policy created a viable option for these people. Today corporations are looking towards the SME-type business for the lessons learned and how they can revive their own organisations. It is yet to be seen if entrepreneurs can be made – as South Africa is setting out to do. We do however hope to find application for these lessons in the model we are trying to build - to show that entrepreneurial leadership is not only essential in the development of a start-up business, but it is also applicable in the corporate world. It is anticipated that anybody who starts a new venture, will be able to learn from it – not necessarily by example but to know what to focus on during the critical early days. The big difference in corporate life is of course that this type of leadership must be recognised, allowed and supported by the corporations' senior management. This is an all new challenge and not part of the scope of this study.

4.7 Conclusions about Leadership

In *The Nature of Leadership* (2006), Joseph White writes: “To be a great leader, you have to be successful at *achieving* change — important, consequential change in the results for which you are responsible. Making change or start anything successfully is a leader's greatest challenge.” White (2006) narrows it down to the following qualities that must be available to produce results and to bring about change (p.98):

Great leaders are original thinkers and often contrarians.	They are usually guided by a few big, revolutionary ideas.
Great leaders are informed risk-takers with a record of accomplishment (but never a perfect record) of success.	They act decisively, not recklessly, to maximize lucky breaks.

Great leaders have an insatiable appetite for outstanding talent.	They know they need people different from themselves; stronger and smarter to achieve their aspirations.
Great leaders have an extraordinary sense of perspective.	They routinely put an immediate challenge into a larger context of the past, the future and current events while keeping the organisation's mission and practical consequences firmly in mind.
Great leaders have presence.	Every great leader, regardless of his or her personality, has a special, compelling something. There is no formula for <i>sparkle</i> . Nevertheless, you know it when you see it.

Working towards an attempt to table the anticipated traits and to narrow down what is necessary to successfully start a new venture, it might be prudent to also look at what a leader *is not* in this phase of a new organisation. Greg Morris asks in his book, *In Pursuit of Leadership (2006)*, to consider five things leadership is not (p.12). Here follows a basic interpretation of his conclusions:

Leadership is not a position.	Leadership comes from personal influence, not a job title.
Leadership is not building a personality cult.	Leadership is not surrounding itself with "yes men".
Leadership is not being indispensable.	While it may give you strokes to feel needed, it is not leadership. Some leaders build followers, while true leaders build other leaders.
Leadership is not about blaming others.	Leadership is primarily about being honest and responsible for the decisions you make or fail to make.
Leadership is not a privilege.	Authentic leaders will not use their position for their own advantage or comfort and do not ask others to do what they are unwilling to do themselves.

Morris (2006, p.14) adds: "The reality of true leadership is that your rights actually decrease as you rise in the organisation, while your responsibilities increase. This suggests that leadership involves not power or prestige but servanthood." Success is a journey and not a destination. This is also the philosophy that prevails in this study. As Moment (2004) summarise that "success is not an end unto itself, but is instead an ongoing process. Though some people seem to have the Midas touch and easily turn everything to gold, most people have to give their endeavours lots of time, effort and the sweat of their brow before seeing things come to fruition". The truth is that the majority of people are simply not born leaders, but we believe they can become business leaders by who they are, what experiences they can fall back on and the actions they take.

Leader is a very important aspect of business ownership and management. Leadership per se is a huge academic topic and has been well documented. We have looked at entrepreneurship

and why this approach to business holds the key to economic advance in this stage of the development of the global economy. The next section will attempt to look at the successful (start-up) business leader and to see how much of leadership and how much of entrepreneurship it takes to successfully start a venture and to take it well into its growth phases. This study is not about leadership and entrepreneurship; it is about identifying the traits behind the concepts and then to build a specific notion or model of the person.

Chapter 5 Conceptualising an Applied Leadership Model for the Start-Up Phase of an Organisation

There is a lot written about business leadership and equally about entrepreneurship. Our challenge is to understand and quantify what we mean by leadership in the start-up or entrepreneurial phase. Businesses do not just happen and nobody will argue that the role of the founder or the business leadership in the start-up phase is essential to eventual success. A small percentage of people, the so-called classic entrepreneurs, act almost as by second nature on the different aspects of leadership during this critical phase of the business. Unfortunately for SME development, it is only a small percentage of the population that can achieve this without much assistance. It is however important to understand what these aspects of leadership are and if they are the same amongst all classical entrepreneurs. Once we have identified and listed these aspects we can then try and order them in priority and even weight them in order of importance. It is clear that there are many aspects and roles the business leader needs to apply. Ultimately, we want to know what these aspects are and if they can be taught in combination to people that want to start a new business.

Following on from the lead from Kuratko & Welsch who did extensive literature studies in the common characteristics shared by both entrepreneurs and leaders, an attempt was made to further their work on entrepreneurial leadership. Kuratko & Welsch in *Strategic Entrepreneurial Growth* (2001) describe those characteristics and / or traits that are anticipated to be associated with a successful leader or entrepreneur. Their lists of nine Entrepreneurial and twelve Leadership characteristics show only a few common skills. Here is a repeat of their concluded list. The number in brackets show the number of times those characteristics have been cited in the literature reviewed:

Characteristics of Entrepreneurs	Characteristics of Leaders
Ability to Motivate (3)	Ability to Communicate / Listen (17)
Achievement Motivation (19)	Ability to Motivate (16)
Autonomous (9)	Ability to work with others (21)
Creative (11)	Achievement Orientation (15)
Flexibility / High Tolerance (7)	Charisma (13)
Passion (4)	Creative (9)
Persistence (3)	Flexibility (12)
Risk-taking (25)	Honesty & Integrity (12)
Vision (6)	Persistence (11)

	Risk-taking (8)
	Strategic Thinking (9)
	Vision (31)

It is interesting that only seven of the above characteristics are common to the entrepreneur and leader. They are the following, listed in the order of most cited. Note that although there are obvious imbalances between their perceived importance as necessary traits, they are common between leadership and entrepreneurship and therefore of *equal* importance to us at this stage:

Common Characteristics			
	Entrepreneur	Leader	Total number of citations
Vision	6	31	37
Achievement Orientation	19	15	34
Risk-taking	25	8	33
Creativity	11	9	20
Ability to Motivate	3	16	19
Flexibility	7	12	19
Persistence	3	11	14

The question that follows is whether start-up leadership and entrepreneurial characteristics will consist of the characteristics found common to both successful entrepreneurs and leaders. An attempt was made to rank order the preferences in the characteristics and traits of a leader and an entrepreneur and to define what could be a model to follow when a new organisation is formed. It is an attempt to explore the current intangible notion of “adequate” management and leadership and to define the *magic* or the *missing ingredient*.

5.1 A Questionnaire on Essential Leadership Traits during the Start-up Phase

Following from the common characteristics between Leadership and Entrepreneurship that have been identified by Kuratko & Welsch in *Strategic Entrepreneurial Growth* (2001), a survey was done among entrepreneurs that have all successfully started an organisation. The survey was also extended to their co-workers that supported them during this phase. The major aim was to determine if successful entrepreneurs agree with the traits, if there would be a trend vis-à-vis which traits and behaviours are significantly more important and also if entrepreneurs from different cultures, across the globe and across industries would agree and support the importance of traits and a trend. The following is a copy of the questionnaire.

Ability to Communicate / Achievement Orientation		I agree with the notion that (a specific type of) leadership played a definitive role in establishing the organisation I refer to	
Ability to Motivate / Achievement Motivation			
Vision			
Creative / Innovative / Creative Problem Solving			
Risk-taking			
Flexibility / High Tolerance for Ambiguity			
Persistence / Commitment			

My experience is based on:

Having successfully started a new division, organisation or business	
Having worked with or for somebody that successful started a new division, organisation or business	

Respondents were contact personally and asked to partake in the study. In virtually all cases there was full support for the work done and many asked to be informed of the outcome. Respondents were asked to think of their own experience when they started their own business or a new division in an organisation or for that matter what they have experienced as an employee or co-worker in a new division, start-up organisation or business. The respondents were then asked to rank the characteristics from most important (1) to least important (7) based on their experience. Respondents were reminded to think of that critical start-up phase – to think of what really made the difference.

5.2 Interpretation of the Survey Data

This is a visual expression of the survey data and its interpretation. The interpretation contains commented data manipulation and conclusions. There are more sophisticated tools such as multivariate analysis and cluster analysis to do this kind of analysis but it was decided to apply logic and follow a practical analysis as the data at hand is fairly simple. The analysis does not prove and conclusively test a model but is an attempt at developing a new idea and therefore has to be seen as working within the notion of grounded theory as explained before.

The basic interpretation is as follows:

- Number of participants: 49
- Number of entrepreneurs: 39
- Number of co-workers: 10
- Number of respondents that has experience as both co-workers and having successfully started an organisation: 6
- Number of respondents disagreeing with the notion that a specific type of leadership played a definitive role in establishing the organisation referred to: 2

	AW	DZ	GJ	RH	DH	KS	CL	GR	DH	SM	DA	MS	BM	FP	JS	BS	MT	KP	KP	DT	JS	VH	MC	MW	RL	PB	UK	AM	SF	PG	VV	KV	SK	LS	UK	LH	GM	GW	SS	MW	LG	UK	CD	ZC	CA	UK	TB	DK	MC	Total					
Start-up Leaders	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49						
Ability to Communicate	3	4	5	2	7	5			1	7		2	2	4	4	5	4				2	4		5		3	4	3		4	4	6	6	2	6	4	4	4	5	5		6	4	7	6	7	6	6	5	173	16%				
Ability to Motivate	5	6	6	6	3	4			2	4		4	3	2	5	3	2				3	2		4		6	2	4		3	6	4	7	1	4	3	6	5	6	7		5	5	6	5	4	5	5	2	165	15%				
Vision	1	3	1	5	2	3			5	2		5	1	1	1	1	1				1	1		2		2	5	1		1	5	1	1	4	1	1	1	1	1	6		4	1	3	1	1	1	1	3	82	8%				
Creative	6	5	7	3	5	6			7	5		6	7	3	6	7	6				6	7		3		5	6	6		5	7	5	5	6	5	7	7	3	7	1		2	6	4	2	2	4	2	1	193	18%				
Risk-Taking	7	1	4	4	4	1			6	3		3	6	5	3	2	7				5	6		1		7	1	5		2	1	3	2	7	7	1	3	7	2	3		7	2	2	3	6	7	3	6	155	14%				
Flexibility	2	7	3	1	6	7			4	6		7	5	7	7	6	5				4	5		6		4	7	7		7	3	7	4	5	3	5	5	6	4	2		3	7	5	7	3	2	7	7	198	18%				
Persistence	4	2	2	7	1	2			3	1		1	4	6	2	4	3				7	3		7		1	3	2		6	2	2	3	3	2	6	2	2	3	4		1	3	1	4	5	3	4	4	125	11%				
																																																				1091			
Co-Workers																																																							
Ability to Communicate					7		7	1			2		2		5		2	3	6	2		6		1				5				6		6								5									66	15%			
Ability to Motivate					3		5	2			1		3		3		3	4	7	3		7		3				3				7		4								6									64	14%			
Vision					2		3	4			3		1		1		1	1	5	1		1		2				4				1		1								1									32	7%			
Creative					5		6	7			6		7		7		4	5	4	6		5		7				6				5		5								4									89	20%			
Risk-Taking					4		4	6			7		6		2		5	2	1	5		2		6				7				2		7									3								69	15%			
Flexibility					6		2	5			4		5		6		6	7	2	4		4		4				2				4		3									7								71	16%			
Persistence					1		1	3			5		4		4		7	6	3	7		3		5					1				3		2									2								57	13%		
																																																				448			
Hypothesis Agreement?																																																							
																																																						239	16%
																																																						229	15%
																																																						114	7%
																																																						282	18%
																																																						224	15%
																																																						269	17%
																																																						182	12%
																																																						1539	

Figure 4 Tabulated Detailed Response on Questionnaire

The basic interpretation shows the following as the most important traits according to the entrepreneur:

Most Important Characteristics			
	Entrepreneurial-Leader	Co-Worker	Combined Rating
Vision	1	1	1
Achievement Orientation	5	4	5
Risk-taking	3	5	3
Creativity	7	7	7
Ability to Motivate	4	3	4
Flexibility	6	6	6
Persistence	2	2	2

The immediate reaction is to note that firstly **vision** has come through in the top position in both the Kuratko & Welsch and this survey. Secondly, **risk-taking** and **flexibility** correspond with the Kuratko & Welsch ranking. The **ability to motivate** was one off. **Achievement orientation (communication)**, **Creativity (problem solving)** and **persistence** were more than two off.

As far as ranking characteristics is concerned, it seems as if the entrepreneurs themselves and their co-workers agree on all scores with maybe Risk-taking as off but definitely not out of line. The further approach to the analysis will also follow this line as there are no strikingly different patterns of behaviour with both initial groups (i.e. leaders/entrepreneurs and co-workers) behaving similarly. This means they are artificial groups for the purpose of the analysis. They are therefore pooled together to have a more robust dataset.

The dataset was analysed to determine if it has merit to further search for an applied model for leadership characteristics during the start-up period of the organisation. It was firstly attempted to arrive to an “ideal profile” and “prioritised trait / behaviour” set for the start-up business leader. In order to create that profile those traits preferred by the population sample, were identified. This means that Agreement Patterns in the scoring of traits within the population had to be identified. This also shows what kind of analysis was followed.

5.3 Discussion

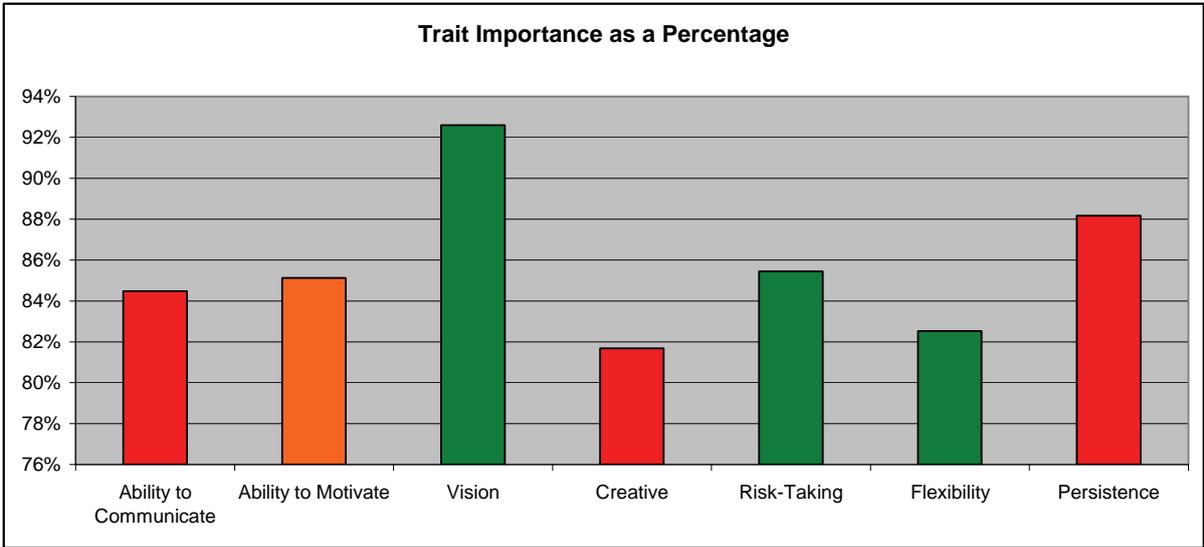
Both groups, entrepreneurs and co-workers, behaved similarly. In other words, they had the same overall opinion on the subject. As mentioned, they were therefore also grouped together in the analysis. The trend has also not changed vis-à-vis the actual rankings. The rankings with a larger dataset (more than 3 positions) do not differ dramatically as there seems not any additional info coming out from further comparing similar responses. Although the data set is relatively small, it is important to remember that there are not many accessible business owners that have successfully started a business and managed it through the start-up phase. In addition, the trend became obvious after only a few interpreted questionnaires. It is therefore doubtful if a larger dataset would have change the trend.

The responses are already weighted by giving the respondents scores according to the priority, i.e. one (1) for highest weight, seven (7) for lowest weight. Using relative weights would be useful to ascertain exactly how much more or less or how much importance or priority the correspondents assigned to each trait relative to the others. It is the author's opinion that the dataset does not warrant that kind of analysis. One would have to use non-parametric statistics to demonstrate that whatever differences were found are not the product of chance alone (i.e. the conclusion arrived at is significantly different from the null hypothesis that the differences can be demonstrated by chance occurrence). It is accepted that this might prove to be too a sophisticated analysis for drawing conclusions as questionable statistics will only detract from the validity or the argument. The experimental design is most probably also not appropriate for this kind of analysis plus the population group is relatively small. It may lead to a situation were there is simply not enough data to work with.

A decision was therefore made to keep it simple by including the additional data generated and to do the same categorical analysis. An attempt was made to build the model on the patterns that appear from comparing groups of similar categories (e.g. priorities, rank groups, etc). There was a deliberate effort not to quantify the relative difference between those groups too much. This stems from the way the experiment was designed. In asking the correspondents to prioritise the importance of each trait, they were already forced to choose between priority scores. E.g. rank 1 to the most important trait and 2 to the second most important, irrespective of whether the respondent though the relative difference between 1 and 2 was huge or tiny. Furthermore the respondents could not assign the same rank to two or

more traits even if they were considered equally important. In other words the respondents had to categorise the traits; either 1 or 2 or 3, etc, with nothing in between. From here on only categorical analysis of the data was done; re categories or groups of categories without trying to quantify the intrinsic differences between them because it is not clear how much difference the correspondents understood to exist between the categories they were forced to choose from.

In addition to the categorical analysis, the total scores for each trait were calculated and are shown in a bar graph to justify the categorical analysis:



The diagram above presents a rough view of the data. It is important to note that it is assumed that all correspondents would have used a similar value framework to categorise the traits. In other words, the assumption is that the difference AB understood to exist between any two categories is the same as EF understood to exist between the same categories, and the same GH understood, etc., etc. These of course, are no facts, and it is most likely not even true, but from the point of view of the validity of the analysis it is an acceptable assumption.

Main Table: According to the rationale above, the individual scores were sorted by frequency from lowest-highest rank to highest-lowest rank. The purpose was to identify clustering (agreement patterns) in the data.

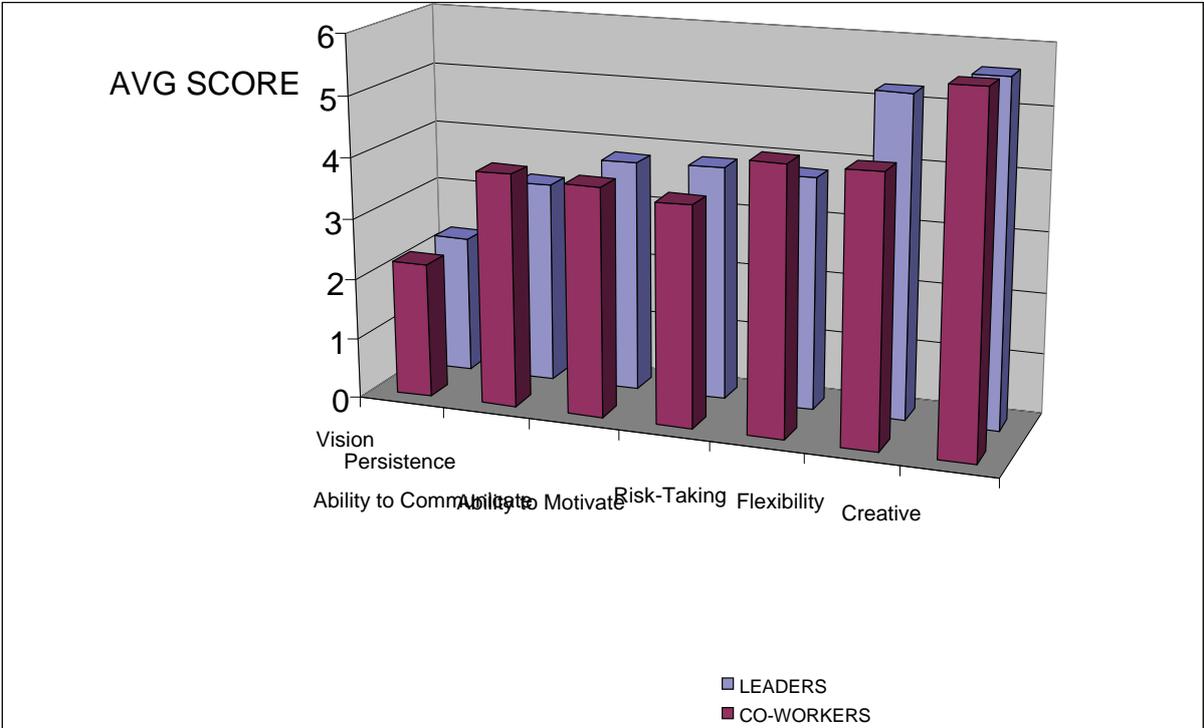
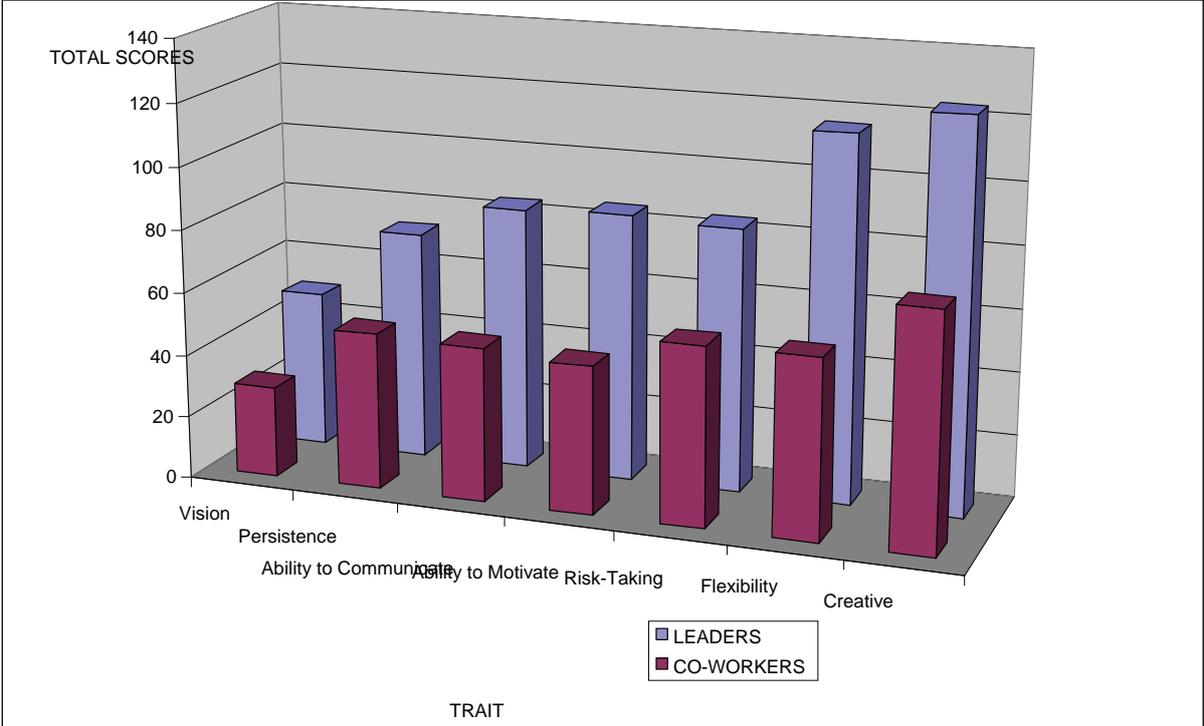
Pooled Data	1	2	3	4	5	6	7	Control
Ability to Communicate	3	9	4	12	10	11	6	55
Ability to Motivate	2	7	13	10	9	9	5	55
Vision	32	6	6	4	6	1	0	55
Creative	2	4	4	5	13	14	13	55
Risk-Taking	7	10	9	5	5	8	11	55
Flexibility	1	6	6	10	9	8	15	55
Persistence	9	12	13	9	3	4	5	55

The table displays the number of individual scores in each rank category for each trait. For example, three respondents scored *ability to communicate* trait as Rank 1 (highest priority) and so forth. Looking at the data in the table, there are a couple of peaks (e.g. vision/rank 1 = 32 and Creative/Rank 6 = 14, etc). However, no sticking patterns were observed. In effect, this table is not conclusive maybe because the analysis is too granular. It was needed to decrease one level of abstraction in order for the patterns to emerge. To do this the ranks were grouped into priority categories as in Model 1 and Model 2 below. The grouping of ranks into categories, although arbitrary, is not alleviatory. If one looks at the interpretation of the data below it shows that the lowest and highest total and average scores (ranks) are clustered around three traits; i.e. Vision (lowest) and Flexibility/Creative (highest). They are the "natural" clusters in the data set.

	TOTAL		AVG		SDV	
	L	CW	L	CW	L	CW
Vision	82	32	2.102564	2	1.586039	1.36626
Persistence	125	57	3.205128	3.5625	1.764854	1.998958
Ability to Communicate	173	66	4.435894	4.125	1.586039	2.187083
Ability to Motivate	165	64	4.230769	4	1.586039	1.861899
Risk-Taking	165	69	3.974359	4.3125	2.182311	2.08866
Flexibility	198	71	5.076923	4.4375	1.812016	1.672075
Creative	193	89	4.948718	5.5625	1.863058	1.093542

If the above data is put to graph as per the two interpretations below, the following is concluded: lowest score is highest rank. The aim was further to see whether the two groups, i.e. leaders and co-workers, behaved similarly. A basic method of analysis was used by comparing the behaviour of totals and means. If both groups behaved roughly in the same way, it follows that the deviation around the mean is similar. In fact, the Standard Deviation in this data set across the trait categories ranges from 1.6 to 2.2. The interpretation is that both the total and average scores behave roughly similar. It can therefore be concluded with

some confidence that these two groups belong to the same population of objects (i.e. they are or behave the same). They were thus pooled together to reduce the level of complexity.



The tables below interpret the same data in two different ways. Following from the above departure point, Model 2 was used for final the interpretation.

Pooled Data	1	2	3	4	5	6	7	Control
Ability to Communicate	3	9	4	12	10	11	6	55
Ability to Motivate	2	7	13	10	9	9	5	55
Vision	32	6	6	4	6	1	0	55
Creative	2	4	4	5	13	14	13	55
Risk-Taking	7	10	9	5	5	8	11	55
Flexibility	1	6	6	10	9	8	15	55
Persistence	9	12	13	9	3	4	5	55

Priority Based on Rank Groupings	High	Medium	Low	Control
Ability to Communicate	12	26	17	55
Ability to Motivate	9	32	14	55
Vision	38	16	1	55
Creative	6	22	27	55
Risk-Taking	17	19	19	55
Flexibility	7	25	23	55
Persistence	21	25	9	55

M1: Priority Based on Percentages	High	Medium	Low	Interpretation
Ability to Communicate	22%	47%	31%	Weak Agreement Medium
Ability to Motivate	16%	58%	25%	Strong Agreement Medium
Vision	69%	29%	2%	Strong Agreement High
Creative	11%	40%	49%	Weak Agreement Low
Risk-Taking	31%	35%	35%	No Agreement
Flexibility	13%	45%	42%	No Agreement
Persistence	38%	45%	16%	No Agreement

M2: Priority Based on Percentages	High	Medium	Low	Interpretation
Ability to Communicate	22%	29%	49%	Weak Agreement Low
Ability to Motivate	16%	42%	42%	Weak Agreement Medium/Low
Vision	69%	18%	13%	Strong Agreement High
Creative	11%	16%	73%	Strong Agreement Low
Risk-Taking	31%	25%	44%	No Agreement
Flexibility	13%	29%	58%	Strong Agreement Low
Persistence	38%	40%	22%	No Agreement

Having grouped the ranks into priority categories, the total scores within each priority were worked out. A few peaks start to appear in the High and Low priority groups. This confirms that previously too much emphasis was put on detail. The noise needed to be reduced, i.e. the variability in the data set.

The total scores were then transformed into percentages within priority categories. Some patterns started to emerge. The tables have an interpretation key on the right. As for clustering, the following interpretation was applied:

- Strong agreement between individuals = over 50% score in any one priority.
- Weak agreement between individuals = less than 50% score but still a distribution favouring one priority category over the others.

- No agreement between individuals = similar, uniform distribution of scores between priority categories.

The result says something not only about the clustering of the data, but also about the validity of the parameters that were used to measure. The fact that there is no agreement in traits as intuitively important as *Risk-taking* and *Persistence*, may suggest that the question was misinterpreted by some of the respondents, or the definition of the traits were not clear and may be had to be qualified more. The interpretation almost begs for further analysis by grouping traits that might show any obvious pattern. There is advanced statistical analysis methodology such as Multivariate Analysis or Cluster Analysis that might bring to the fore more obvious patterns but given what was used here, the data set suggests the following final analysis.

5.4 Attempt to Build an Applied Model using a Combination of own Experience, Theory and Literature

To define the *ideal profile* of the *Start-up Business Leader* according to this data set, one can only conclude the following:

- Key trait: **vision**
- Supporting the key trait: **communicate / achievement orientation + ability to motivate**
- Definitive tool: **creative (problem solving)**
- Less important or to be used with caution or according to circumstance: **risk-taking + flexibility + persistence**

Persistence is then probably the one trait that can be taken out of the less important actions as it did score second highest on average as a key trait in starting a new organisation. Cross interpretation from the two ways of interpretation shown above is allowed. Persistence is therefore no doubt an energy that is applicable throughout this critical phase. Together with risk-taking that is also an omnipresent environmental factor, they form scales of use that are applicable in intensity depending on the actual situation. In other words, there will always be risk and persistence is always needed. They can however not be the same among all entrepreneurs as individual circumstances differ greatly.

Most Important Characteristics			
	Kuratko & Welsch	Serfontein Respondents (Combined) Rating	Serfontein Respondents Frequency Agreement
Vision	1	1	High Correspondence
Achievement Orientation / Communication	2	5	Low Correspondence
Risk-taking	3	3	No Correspondence
Creativity / Problem Solving	4	7	Low Correspondence
Ability to Motivate	5	4	Medium Correspondence
Flexibility	6	6	Medium Correspondence
Persistence	7	2	No correspondence

It is important to note that the Kuratko & Welsch scale is purely based on literature frequency. In other words, what people think it should be or at least what the theories say. The respondents obviously came from different business experiences. It does however clearly show the most important trait, namely **vision**. On the frequency analysis, where there is no correspondence, it actually implies circumstantial importance or something that is used only when needed.

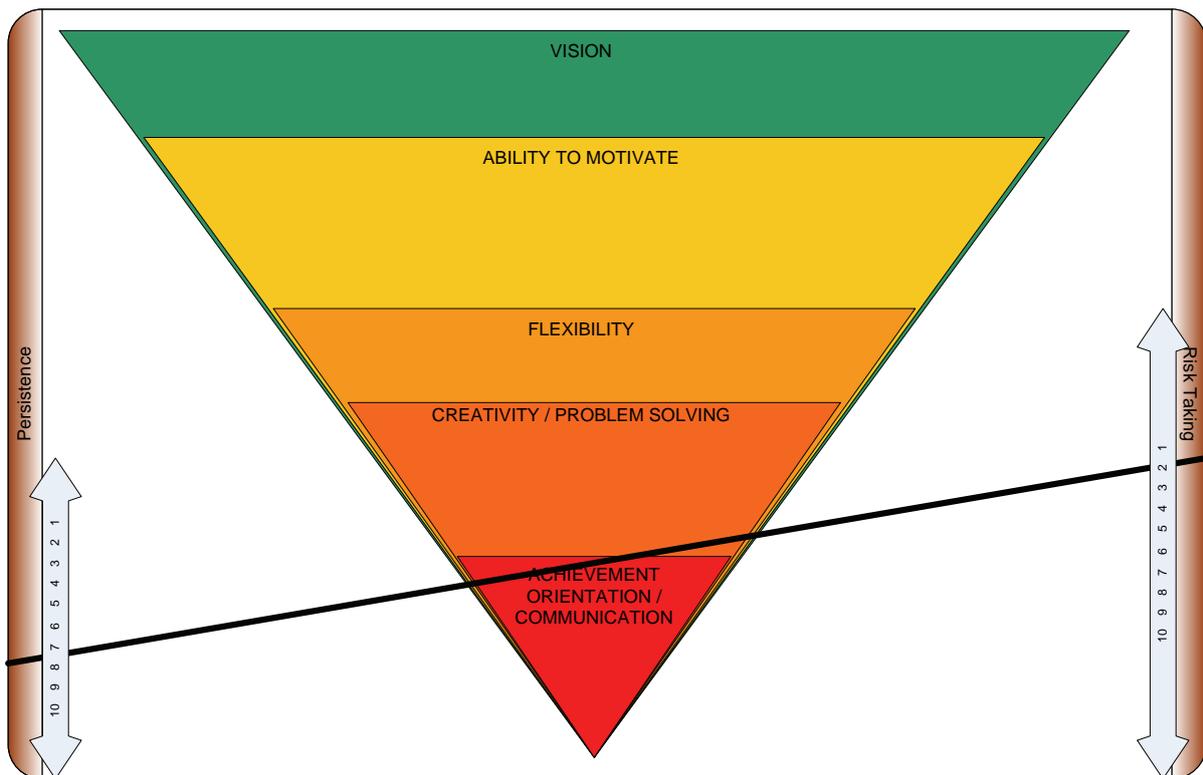
In order to build a model, it is suggested to score the frequency analysis first. A second rating will then be the respondents combined score. All must take cognisance of the literature and theoretical approach of Kuratko & Welsch.

The model below is designed to start with vision but also to show its relative importance to the other traits and aspects influencing a start-up business and with which the entrepreneurial leader have to contend with. Note that risk-taking and persistence have been placed as environmental factors. These traits are definitely always present and they always play a role. Their role is, however, directly the result of the:

- type of business
 - product
 - finance

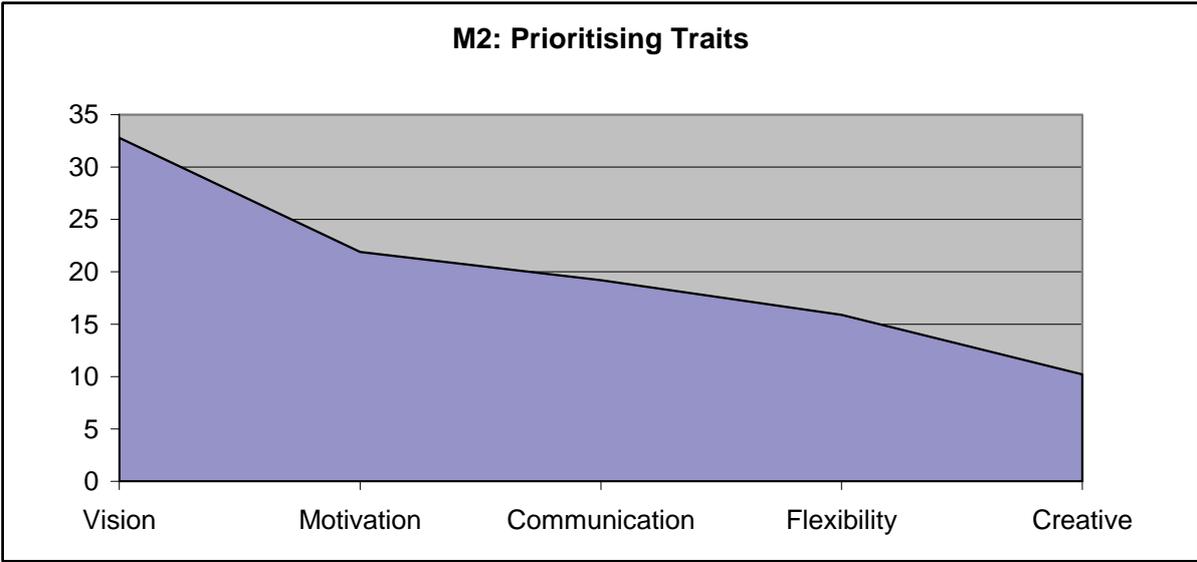
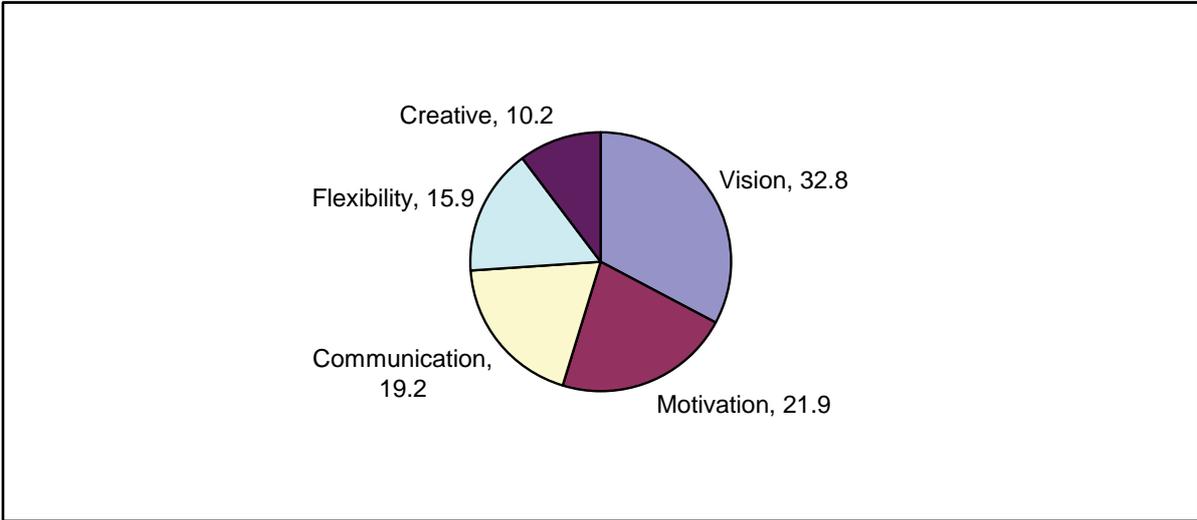
- team
- market access
- point in time of the new organisation
 - industry
 - product life cycle
- political environment
 - formal economy financial support
 - government support

The other factors namely the **ability to motivate staff, flexibility, creativity / problem solving** and **achievement-orientation / ability to communicate** - are all essential in starting a business. The model shows their relative importance during this period of the organisation's life. It is, for instance, important not to spend too much energy on communication while motivation plays second fiddle.



The above visualisation is not done to scale and merely show the prioritisation of the traits and with risk-taking and persistence as changing environmental factors. It is tempting to be as

practical as possible and to weight the traits and offer it as a guide to the person that is going to venture out and start a new business. If then only to serve as a guide as to how much time and effort should be spend on vision versus the other traits the following two interpretations of the M2 dataset might be useful.



5.5 Proposed Behaviours to Populate the Model

Instead of following a deductive approach or rather the study of theory and the subsequent formulation and testing of a hypothesis through the more conventional quantitative approach, it was decided to also follow the grounded theory approach as proposed by Glazer & Strauss (1967). An attempt was made to analyse the data qualitatively through tranquillisation of data and data sources. The reason for this choice of methodological analysis is to formulate a particular new theory in the South African context that can in turn be tested against other

theory as well as in practise. An attempt was also made to try and practically define and explain these traits and how they manifest themselves as behaviours.

Starting a new business is daunting but very exciting. Depending on personal circumstances, **risk** and the **ability to persist**, are largely unique to every new venture. As already stated, these two realities of starting a new venture can be adjusted to personal circumstances. The other five traits are however the non-negotiable.

Vision or Visualising: - an ideal or desired outcome or the wish for the future. As an analogy it is probably best to describe vision as the ability to see the trees from the forest. It is one thing to understand the dream what can and should be achieved but quite another to keep that vision once you start the process. Vision is the reference against what everything is aligned. There are thus two aspects on vision: the mountaintop that one walks towards, as well as the necessary calmness of walking through a forest and passing every tree to emerge on the other side of the forest still inline with your goal, the mountaintop.

Ability to Motivate: - best described as creating the conditions where people can become motivated. This aspect is also one of the most important leadership traits in this phase. The entrepreneur that starts a business must be aware of the very real possibility of losing co-workers, investors, subordinates, and others along the way, especially when the group enters the first patch of forest and the mountaintop is not visible. The leader in the entrepreneurial-leader conundrum then has to motivate people to carry on - not just by speech but also by leading. The leader has to work harder and longer hours than anybody else. Not just to put an example but also to clearly show the leader knows where he is leading. The people around the leader must feel secure because of his action. A great motivating factor is for the leader to take the guessing out when it comes to systems, approach, sales tools, etc. Create them, implement and use them but guard against becoming bureaucratic in approach.

Flexibility: - inherent and internal to the entrepreneurial leader. Co-workers do not want to see too much flexibility as it can easily be interpreted as grey areas or weaknesses. As much as grey areas and flexibility make sense to the leader, the opposite is true to co-workers who prefer to see things black and white – especially during this period of many variables. The leader must however have the ability to test certain alternatives and approaches. Sensitivity is not being tentative, whereas tentativeness creates anxiety, flexibility, clear goals and answers

should create confidence. The flexibility must thus be there to go left around and not right around if the road to the mountaintop is obscured. The leader must make firm decisions and must ensure that he is perceived as being in control. Co-workers will follow if this kind of flexibility is linked to firm decision-making. Flexibility is not democratic decision making. Get and ask opinions, evaluate them – be flexible but then make the decision until the next obstacle arises.

Creativity & problem solving: - should be the most enjoyable part for the entrepreneurial leader. This is the playing chess part. The odds might be high and the circumstances might have changed but the belief that there is always a way, is unique to the entrepreneurial leader. It is not all about creative problem-solving; it also refers to all aspects of the business: structuring the company, funding the organisation, getting more out than putting in by calling on favours and relationships, getting that first sale - maybe it is more a deal than a sale, putting together sales material and tools, balancing cash-flow. He should rather pull in the belt but make sure to keep the faith of others in him. This also includes his family who without their faith and support will cause him to tread water and not be productive in his creativity and problem solving. It is the most exhausting aspect for the entrepreneurial leader but probably the most rewarding.

Achievement orientation & communication: - getting the show on the road and then keeping it on the road. The most important aspect is getting a team together. This last aspect of the model is perceived as not so important – which is not true. It is just an aspect that must be put in place quickly and not be disturbed if possible. Partners must be well selected. They must decide on a business model. The company must be structured. Shareholder and director minutes must be kept. Make sure all are on the same page. Be aware that there will be conflict at one stage – structure the business so that it will not fall apart when this happens. Make sure that the fledging new venture comes out stronger when this happens. Understand why things are going well and / or why things are not.

Chapter 6 Existing Leadership Theories

This study looks at some popular leadership theories and how they manifest itself in theory. Following on from the entrepreneurial leadership discussion above it is important to remember that business leadership is most often described in a changing environment. Very little has actually been done to describe the type of leader(ship) that is required to create a business successfully and beyond the management consultant – hence this attempt to define that business personality. There are many references to change leadership. The purpose of this chapter is to look and evaluate certain leadership theories and how they apply or do not apply during the start-up phase of an organisation. An attempt will later be made to fit the new business model along these existing theories. To introduce our summary of leadership models, it might serve as orientation to look again at Joseph White who specifically writes about the person that provokes change or for that matter starts something new. In *The Nature of Leadership* (2006), Joseph White writes: “To be a great leader, you have to be successful at *achieving* change — important, consequential change in the results for which you are responsible. Making change or start anything successfully is a leader's greatest challenge.” When the American President, Truman, said the buck stops at his door, he meant that the higher the responsibility of office, the higher the level of commitment to other exemplary leadership qualities such as independent-mindedness, integrity, courage, impartiality and so forth.

6.1 Summary of the Leading Leadership Theories

Next follows a summary of leadership theories and their roles and application. The strength and weakness summary is an adaptation from Northouse’s work in *Leadership: Theory and Practice* (2001):

Authors	Theme	Strengths (Northouse, 2001)	Weaknesses (Northouse, 2001)
Bergh et al, 1999; Middlehurst, 1993; Northouse, 2001; Kekäle, 2005; Robbins, 2001	<p>TRAIT THEORIES:</p> <p>Leadership is concerned with inborn personal qualities and traits (the “Great Man theory”). Ambition and energy, the desire to lead, honesty and integrity, self-confidence, intelligence, sociability, determination and motivation are some of the identified qualities. These personal qualities include the likelihood of leadership success, but none of the traits guarantees leadership success.</p> <p><i>Underlying assumption: Leadership is basically inborn.</i></p>	<ul style="list-style-type: none"> ● Intuitively appealing: leaders are a special kind of people who do extraordinary things. ● It is supported by a century's research data to back it up. ● The leader component is highlighted in the leadership process. ● It provides a benchmark for what we need to look for in leaders. 	<ul style="list-style-type: none"> ● The lists of traits appear endless, which can lead to uncertainty and ambiguity. ● The trait approach fails to consider situations. ● This approach has resulted in highly subjective determinations of the ‘most important’ leadership traits. ● It does not state how traits affect group members and their outcomes. ● It is not a useful approach for training and developing leaders in organisation.

<p>Bergh et al, 1999; Kekäle, 2005; Middlehurst, 1993; Robbins, 2001; Tucker, 1984</p>	<p>STYLE THEORIES:</p> <ul style="list-style-type: none"> • Ohio state studies • University of Michigan studies • Blake and Mouton's managerial grid • Scandinavian studies • Functional or action – centred leadership • Directive-supportive leadership model 	<p>The focus of this is on the behaviour of the leader (what leaders do and not what they are.) The following principles apply:</p> <ul style="list-style-type: none"> • Leadership is linked to certain behaviours and styles. Initiating structure and consideration for people are emphasised. • Relationships between leadership behaviours and group performance are acknowledged. • Leadership concepts such as employee oriented (supportive) and production orientated (directive) behaviours and styles are highlighted on grids. • Scandinavian researchers, to make provision for the dynamic environment leaders have to operate in, added an additional development – oriented axis. • Middlehurst, (1993) defines nine behaviours of an effective leader (setting objectives, briefing, planning, controlling, informing, supporting, reviewing and setting an example). <p><i>Underlying assumption: Preferred leadership, defined as certain behaviours, can be taught.</i></p>	<ul style="list-style-type: none"> • It broadens the understanding of leadership as it focuses on what leaders do and how they act in certain situations. • A wide range of studies validates and gives credibility to the basic principles of the approach. • Any leadership style consists of two basic core components: task and relationship. • It provides a broad conceptual map from which leaders can assess and determine how they want to change and improve their leadership style. • Training and development practitioners, who teach leaders how to improve their effectiveness, often employ this model. 	<ul style="list-style-type: none"> • This approach does not consistently indicate how leaders' styles are associated with specific performance outcomes (e.g. morale, job satisfaction and productivity). It only highlights that considerate leaders have followers that are more satisfied. • It fails to identify a universal leadership style that is effective in almost every situation. • It implies that the high task and high relationship style is the most effective style, whilst that may not be the case in all situations (e.g. emergencies).
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<p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 2001; Robbins, 2001.</p>	<p>SITUATIONAL THEORY:</p> <p>Hersey and Blanchard's situational theory.</p>	<p><i>Hersey and Blanchard's situational theory, which focuses on followers' competence and commitment. The essence of the theory is that leaders have to adapt their leadership styles to the development level of subordinates.</i></p> <p><i>Underlying assumption: Leadership behaviours suitable to the situation can be identified and taught.</i></p>	<ul style="list-style-type: none"> ● The Hersey and Blanchard model has been a factor in training programmes in over 400 of the Fortune 500 companies. ● Situational leadership theories are easy to understand, intuitively sensible and easily applied in a variety of organisational settings. ● These theories can be seen as prescriptive since they highlight what leaders should and should not do, in certain situations. ● Situational leadership theories highlight the concept of leader flexibility. 	<ul style="list-style-type: none"> ● There is a lack of a strong body of research on situational leadership. As a result the theoretical basis of the approach is questioned. ● The conceptualisation of the two key concepts, competence and commitment is ambiguous. ● It does not address the issue of one-to-one versus group leadership. ● The questionnaires used to determine leaders styles, are biased in favour of situational leadership.
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<p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 1991; Robbins, 2001</p>	<p>CONTINGENCY THEORY:</p> <ul style="list-style-type: none"> ● Fiedler's model; ● Cognitive resource theory; ● Leader participation theory. 	<p>Contingency theories match leaders with specific situations. Effective leadership is contingent on matching a leader's style to specific situational variables.</p> <p><i>Fiedler's model:</i> Leadership <i>styles</i> are described as task motivated or relationship motivated.</p> <p>Group effectiveness depends on the match between the leader's styles of interaction with his/her subordinates. The degree to which the factors in the situation, (leader-member relations, task structure and positional power match), gives control and influence to the leader.</p> <p><i>Cognitive resources theory:</i> Stress effects the situation unfavourably and experience can lessen the influence of stress on the leadership situation.</p> <p><i>Leader participation model:</i> A set of rules is provided to determine the form and amount of participative decision-making a leader could apply in different leadership situations.</p> <p><i>Underlying assumption: Effective leadership is a function of matching leadership styles with situations in a given organisational setting.</i></p>	<ul style="list-style-type: none"> ● The Contingency theory is supported by a great deal of empirical research. ● It broadens the understanding of leadership as it explains how the situation affects the leader. ● The Contingency theory helps to predict what is needed and therefore provides useful information on the type of leadership that will most likely be effective in a certain context. ● Contingency theories argue that leaders should not be expected to lead in every situation- leaders should be placed in situations that are ideal for their leadership style. ● Contingency theories provide useful information to organisations on where they should place leaders to best serve the interest of the organisation. 	<ul style="list-style-type: none"> ● It fails ails to explain fully why certain individuals with certain leadership styles are more effective in certain situations than in others. ● It is complex and cumbersome to use. ● Situations have to change to fit the leader's style, which does not advocate that leaders have to change their styles to fit the situation. ● It does not explain the relationship between leadership behaviour and motivation.
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<p>Northouse, 2001</p>	<p>PATH-GOAL THEORY:</p>	<p>The Path-goal theory is about how leaders motivate subordinates to accomplish designated goals. The aim of this leadership theory is to enhance employee performance and employee satisfaction by focusing on employee motivation.</p> <p>In this theory leaders have to find paths around obstacles by providing subordinates with the elements they need to achieve their goals. Leadership behaviours are categorised as being directive, supportive, participative and action orientated.</p> <p>Subordinates characteristics determine how a leader's behaviour will be interpreted in a given work context. Their need for affiliation, preference for structure, desire for control and self-perceived level of task ability are the factors that are considered.</p> <p>Subordinates will be motivated if they think they are capable of performing their work, if they believe their efforts will result in a certain outcome and if they believe that the payoffs for doing their work is worthwhile.</p> <p><i>Underlying assumption: Various leadership styles interact with the characteristics of subordinates and the work setting and that affect the motivation of subordinates.</i></p>	<ul style="list-style-type: none"> ● The path-goal leadership theory provides a useful framework for understanding how various leadership behaviours affect the satisfaction of sub-ordinates and their work performance. ● This theory attempts to integrate the motivation principles of the expectancy theory into a theory of leadership. ● It is practical as it demonstrates to leaders how to guide and coach subordinates on their path to achieve goals. 	<ul style="list-style-type: none"> ● It is a complex theory and interpreting the meaning of the theory can be confusing. ● Empirical studies could only partially support the theory's validity. ● The theory fails to explain adequately the relationship between leadership behaviour and work motivation. ● The theory treats leadership as a one-way event; leaders have to 'help' subordinates to achieve their goals. This can promote dependency on a leader, as the abilities of subordinates are not fully recognised in this theory.
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<p>Northouse, 2001.</p>	<p>LEADER-MEMBER EXCHANGE THEORY (LMX-THEORY):</p>	<p>The leader-member exchange theory is the first leadership theory that does not focus on the leader exclusively, but on the <i>dyadic relationship between leaders and followers</i>.</p> <p>The quality of exchange between leaders and followers is a function of in and out-group relations. When leaders and followers have good exchanges, they feel better, accomplish more and the organisation as a whole performs better.</p> <p><i>Underlying assumption: The quality of the dyadic relationship between the leader and the follower determines organisational outcomes.</i></p>	<ul style="list-style-type: none"> ● It is a strong, descriptive theory. ● It emphasises the dyadic relationship between leaders and followers. ● It highlights the importance of communication during the leadership process. ● The LMX theory is related to positive organisational outcomes. 	<ul style="list-style-type: none"> ● It can create the impression that leaders discriminate against the out-group. ● It fails to explain fully the way high-quality leader-member exchanges are formed.
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Northouse, 2001	<p>TEAM LEADERSHIP:</p>	<p>Because of structural changes in organisations, based on process flow, work teams seem to have more decision-making powers and responsibility than in traditional bureaucratic systems. This approach attempts to explain the role of the leader in leading empowered teams.</p> <p>A team in this model consists of members who are interdependent, who share common goals and who must coordinate their activities to accomplish goals.</p> <p>The characteristics for team excellence in this school of thought is proposed as being:</p> <ul style="list-style-type: none"> ● Clear, elevating goals, ● A results-driven structure, ● Competent team members, ● Unified commitment, ● Collaborative climate, ● Standards of excellence, ● Principled leadership, and ● External support. <p><i>Underlying assumption:</i> Leadership behaviour is seen as team-based problem solving in which the leaders attempts to achieve team goals by analysing the internal and external environments and then selecting the appropriate behaviours to ensure team effectiveness.</p>	<ul style="list-style-type: none"> ● The model places the work team and its leadership in an environmental context. ● The model provides a complex and cognitive guide to team leaders. ● The model takes into account the changing role of leaders and followers in organisation. ● This approach can assist in selecting team members. 	<ul style="list-style-type: none"> ● The model has not been empirically tested. ● The model is complex and it does not provide easy answers to difficult decisions. ● It is difficult to teach.
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<p>Birnbaum, 1988; Kekäle, 2005; Middlehurst, 1993; Tucker, 1992</p>	<p>POWER AND INFLUENCE LEADERSHIP THEORIES:</p> <ul style="list-style-type: none"> • Social power approaches; • Social exchange theories. 	<p>The use of power, influence and authority determine leadership effectiveness. The source and amount of power available to leaders and the way in which leaders influence followers through unilateral or reciprocal interactions, are highlighted.</p> <p><i>Social power approaches.</i> Leaders can influence followers through legitimate, reward, coercive, expert, referent and political power.</p> <p>Leadership can be viewed as a particular type of social influence that assumes a one-way interaction from the leader to the followers.</p> <p><i>Social exchange theories.</i> This theory postulates that there is a reciprocal relationship between leaders and followers based on the exchange of valued things. An example: leaders provide (e.g. resources) to groups in exchange for their approval. Leaders are as dependent on followers as followers are on leaders.</p> <p>The effectiveness of a leader depends on fulfilling the expectations of followers. Leaders accumulate power to the extent that they produce the expected reward and fairly distribute it and loose power to the extent that they do not.</p> <p><i>Underlying assumption: Leadership is concerned with the use of power, influence and authority.</i></p>		
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<p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 2001; Robbins, 2001.</p>	<p>NEO-CHARISMATIC LEADERSHIP THEORIES INCLUDE:</p> <ul style="list-style-type: none"> • Charismatic leadership • Transformational leadership • Visionary leadership 	<p>These theories describe how leaders can initiate, develop and carry out significant changes in organisations. Symbolism, emotional appeal and extraordinary follower commitment are highlighted.</p> <p><i>Charismatic leadership</i>. This can be described as the capacity of leaders to do extraordinary things. The theory refers to <i>personality characteristics</i> such as being dominant, having a desire to influence, being confident and demonstrating strong values. <i>Behaviours</i> such as being a strong role model, showing competence, articulating goals, communicating high expectations, expressing confidence and arousing motives are highlighted.</p> <p>Charismatic leadership can affect followers in several ways, e.g.: trust in the leader's ideology, unquestioning acceptance, affection towards the leader, obedience, and identification with the leader, emotional involvement, heightened goals and increased confidence.</p> <p><i>Transformational leadership</i>. Transformational leaders motivate followers to do more than expected, by:</p> <ul style="list-style-type: none"> • Raising follower's levels of consciousness about the importance and value of specific and ideal goals; • Getting followers to transcend their own self-interest for the sake of the team or the organisation; • Motivating followers to address higher-level needs; <p>Idealised influence, inspirational motivation, intellectual stimulation and individualised consideration have been identified as transformational leadership factors.</p> <p>The differences between transformational and transactional leaders are portrayed as follows:</p>	<ul style="list-style-type: none"> • Transformational leadership theories are well researched. • Transformational leadership theories are intuitively appealing. • Leadership is treated as a process between leaders and followers. • Transformational leadership includes the development needs of followers. • Transformational leadership places a strong emphasis on follower's needs, values and morals. <hr/> <ul style="list-style-type: none"> • <i>Transformational leadership</i>: charisma, inspiration, intellectual stimulation and individualised consideration are typical characteristics. • <i>Transactional leadership</i>: contingent reward, management by exception (active and passive) and Laissez-Faire actions are typical. They are usually the leaders who guide their followers in the direction of established goals, roles and task requirements. <p><i>Visionary leadership</i>: the leadership ability to create and articulate a realistic, credible and attractive vision that will help improve the current situation.</p> <p><i>Underlying assumption: Followers make heroic/extraordinary contributions when they observe inspirational leadership behaviours.</i></p>	<ul style="list-style-type: none"> • The theories lack conceptual clarity. It covers such a broad range of issues that it is difficult to define specific parameters. • It is often interpreted too simplistically as either- or- approach, and not as a matter of degree. • Leadership is treated as a personality trait. It is therefore difficult to train leaders to become transformational leaders. • It is considered elitist and anti-democratic as the transformational leader is seen as the one creating the vision on behalf of the team or organisation. • Qualitative data was collected from leaders who were serving in positions at the top of their organisations. The theories described leadership <i>of</i> organisation and not leadership <i>in</i> organisations. • These theories have the potential to be abused.
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Authors	EMERGING ETHICAL/ SPIRITUAL LEADERSHIP THEORIES:	Theme	Strengths (Northouse, 2001)	Weaknesses (Northouse, 2001)
<p>Sanders, Hopkins & Geroy, 2003</p> <p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 2001; Kekäle, 2005; Robbins, 2001</p>	<p>TRAIT THEORIES:</p> <ul style="list-style-type: none"> Ethical leadership; Chaos/complexity leadership theory; Spiritual leadership (transcendental leadership) <p>Leadership is concerned with inborn personal qualities and traits (the Great Man theory). Ambition and energy, the desire to teach, honesty and integrity, self-confidence, intelligence, sociability, determination and leadership skills are identified qualities. These personal qualities include the traits guarantees leadership success.</p> <p>Underlying assumption: Leadership is basically inborn.</p>	<p>The principles of <i>ethical leadership</i> are respect for others, building communities, serving others, manifesting honesty and showing justice.</p> <p>The <i>chaos/complexity</i> leadership theory postulates that leaders are important to the extent they help personal qualities and traits (the Great Man theory) to teach, honesty and integrity, self-confidence, intelligence, sociability, determination and leadership skills are identified qualities. The chaos theory rejects the Newtonian views (linear relationships between actions and reactions) on leadership.</p> <p><i>Spiritual leadership</i> is rooted in the idea that human beings are "spiritual beings", concerned with the meaning of life. Leadership is described as a contribution-based exchange relationship (Sanders, 2003). The spiritual leader is the leader who is concerned with his or her followers and tries to contribute to their personal development.</p> <p><i>Transcendental leadership</i> is about going beyond the defined limits of human knowledge, experience or reason to turn adversity into advantage. Transcendental leaders are those who can challenge limits by helping others redefine their possibilities.</p> <p>Some of the principles upheld by spiritual leaders include know your self, act with integrity, respect and honour the beliefs of others, be as trusting as you can be and maintain a spiritual practice.</p> <p>New levels of thinking, feeling and action are needed to overcome unusual problems. Thinking and doing the unthinkable is at the heart of spiritual leadership (Tan, 2006).</p>	<ul style="list-style-type: none"> Intuitively appealing: leaders are a special kind of people who do extraordinary things. It is supported by a century's research data to back it up. The leader component is highlighted in the leadership process. It provides a benchmark for what we need to look for in leaders. <p>Underlying assumption: Specific universal leadership principles are present in leaders at all levels in organisations that go beyond conscious reasoning. It is based on the credo that: "No problem can be solved from the same consciousness that created it. We must learn to see the world anew" (Albert Einstein).</p>	<ul style="list-style-type: none"> The lists of traits appear endless, which can lead to uncertainty and ambiguity. The trait approach fails to consider situations. This approach has resulted in highly subjective determinations of the 'most important' leadership traits. It does not state how traits affect group members and their outcomes. It is not a useful approach for training and developing leaders in organisation.

<p>Bergh et al, 1999; Kekäle, 2005; Middlehurst, 1993; Robbins, 2001; Tucker, 1984</p>	<p>STYLE THEORIES:</p> <ul style="list-style-type: none"> ● Ohio state studies ● University of Michigan studies ● Blake and Mouton's managerial grid ● Scandinavian studies ● Functional or action – centred leadership ● Directive-supportive leadership model 	<p>The focus of this is on the behaviour of the leader (what leaders do and not what they are.) The following principles apply:</p> <ul style="list-style-type: none"> ● Leadership is linked to certain behaviours and styles. Initiating structure and consideration for people are emphasised. ● Relationships between leadership behaviours and group performance are acknowledged. ● Leadership concepts such as employee oriented (supportive) and production orientated (directive) behaviours and styles are highlighted on grids. ● Scandinavian researchers, to make provision for the dynamic environment leaders have to operate in, added an additional development – oriented axis. ● Middlehurst, (1993) defines nine behaviours of an effective leader (setting objectives, briefing, planning, controlling, informing, supporting, reviewing and setting an example). <p><i>Underlying assumption: Preferred leadership, defined as certain behaviours, can be taught.</i></p>	<ul style="list-style-type: none"> ● It broadens the understanding of leadership as it focuses on what leaders do and how they act in certain situations. ● A wide range of studies validates and gives credibility to the basic principles of the approach. ● Any leadership style consists of two basic core components: task and relationship. ● It provides a broad conceptual map from which leaders can assess and determine how they want to change and improve their leadership style. ● Training and development practitioners, who teach leaders how to improve their effectiveness, often employ this model. 	<ul style="list-style-type: none"> ● This approach does not consistently indicate how leaders' styles are associated with specific performance outcomes (e.g. morale, job satisfaction and productivity). It only highlights that considerate leaders have followers that are more satisfied. ● It fails to identify a universal leadership style that is effective in almost every situation. ● It implies that the high task and high relationship style is the most effective style, whilst that may not be the case in all situations (e.g. emergencies).
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<p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 2001; Robbins, 2001.</p>	<p>SITUATIONAL THEORY:</p> <p>Hersey and Blanchard's situational theory.</p>	<p><i>Hersey and Blanchard's situational theory, which focuses on followers' competence and commitment. The essence of the theory is that leaders have to adapt their leadership styles to the development level of subordinates.</i></p> <p><i>Underlying assumption: Leadership behaviours suitable to the situation can be identified and taught.</i></p>	<ul style="list-style-type: none"> ● The Hersey and Blanchard model has been a factor in training programmes in over 400 of the Fortune 500 companies. ● Situational leadership theories are easy to understand, intuitively sensible and easily applied in a variety of organisational settings. ● These theories can be seen as prescriptive since they highlight what leaders should and should not do, in certain situations. ● Situational leadership theories highlight the concept of leader flexibility. 	<ul style="list-style-type: none"> ● There is a lack of a strong body of research on situational leadership. As a result the theoretical basis of the approach is questioned. ● The conceptualisation of the two key concepts, competence and commitment is ambiguous. ● It does not address the issue of one-to-one versus group leadership. ● The questionnaires used to determine leaders styles, are biased in favour of situational leadership.
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<p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 1991; Robbins, 2001</p>	<p>CONTINGENCY THEORY:</p> <ul style="list-style-type: none"> ● Fiedler's model; ● Cognitive resource theory; ● Leader participation theory. 	<p>Contingency theories match leaders with specific situations. Effective leadership is contingent on matching a leader's style to specific situational variables.</p> <p><i>Fiedler's model:</i> Leadership <i>styles</i> are described as task motivated or relationship motivated.</p> <p>Group effectiveness depends on the match between the leader's styles of interaction with his/her subordinates. The degree to which the factors in the situation, (leader-member relations, task structure and positional power match), gives control and influence to the leader.</p> <p><i>Cognitive resources theory:</i> Stress effects the situation unfavourably and experience can lessen the influence of stress on the leadership situation.</p> <p><i>Leader participation model:</i> A set of rules is provided to determine the form and amount of participative decision-making a leader could apply in different leadership situations.</p> <p><i>Underlying assumption: Effective leadership is a function of matching leadership styles with situations in a given organisational setting.</i></p>	<ul style="list-style-type: none"> ● The Contingency theory is supported by a great deal of empirical research. ● It broadens the understanding of leadership as it explains how the situation affects the leader. ● The Contingency theory helps to predict what is needed and therefore provides useful information on the type of leadership that will most likely be effective in a certain context. ● Contingency theories argue that leaders should not be expected to lead in every situation- leaders should be placed in situations that are ideal for their leadership style. ● Contingency theories provide useful information to organisations on where they should place leaders to best serve the interest of the organisation. 	<ul style="list-style-type: none"> ● It fails to explain fully why certain individuals with certain leadership styles are more effective in certain situations than in others. ● It is complex and cumbersome to use. ● Situations have to change to fit the leader's style, which does not advocate that leaders have to change their styles to fit the situation. ● It does not explain the relationship between leadership behaviour and motivation.
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<p>Northouse, 2001</p>	<p>PATH-GOAL THEORY:</p>	<p>The Path-goal theory is about how leaders motivate subordinates to accomplish designated goals. The aim of this leadership theory is to enhance employee performance and employee satisfaction by focusing on employee motivation.</p> <p>In this theory leaders have to find paths around obstacles by providing subordinates with the elements they need to achieve their goals. Leadership behaviours are categorised as being directive, supportive, participative and action orientated.</p> <p>Subordinates characteristics determine how a leader's behaviour will be interpreted in a given work context. Their need for affiliation, preference for structure, desire for control and self-perceived level of task ability are the factors that are considered.</p> <p>Subordinates will be motivated if they think they are capable of performing their work, if they believe their efforts will result in a certain outcome and if they believe that the payoffs for doing their work is worthwhile.</p> <p><i>Underlying assumption: Various leadership styles interact with the characteristics of subordinates and the work setting and that affect the motivation of subordinates.</i></p>	<ul style="list-style-type: none"> ● The path-goal leadership theory provides a useful framework for understanding how various leadership behaviours affect the satisfaction of sub-ordinates and their work performance. ● This theory attempts to integrate the motivation principles of the expectancy theory into a theory of leadership. ● It is practical as it demonstrates to leaders how to guide and coach subordinates on their path to achieve goals. 	<ul style="list-style-type: none"> ● It is a complex theory and interpreting the meaning of the theory can be confusing. ● Empirical studies could only partially support the theory's validity. ● The theory fails to explain adequately the relationship between leadership behaviour and work motivation. ● The theory treats leadership as a one-way event; leaders have to 'help' subordinates to achieve their goals. This can promote dependency on a leader, as the abilities of subordinates are not fully recognised in this theory.
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<p>Northouse, 2001.</p>	<p>LEADER-MEMBER EXCHANGE THEORY (LMX-THEORY):</p>	<p>The leader-member exchange theory is the first leadership theory that does not focus on the leader exclusively, but on the <i>dyadic relationship between leaders and followers</i>.</p> <p>The quality of exchange between leaders and followers is a function of in and out-group relations. When leaders and followers have good exchanges, they feel better, accomplish more and the organisation as a whole performs better.</p> <p><i>Underlying assumption: The quality of the dyadic relationship between the leader and the follower determines organisational outcomes.</i></p>	<ul style="list-style-type: none"> ● It is a strong, descriptive theory. ● It emphasises the dyadic relationship between leaders and followers. ● It highlights the importance of communication during the leadership process. ● The LMX theory is related to positive organisational outcomes. 	<ul style="list-style-type: none"> ● It can create the impression that leaders discriminate against the out-group. ● It fails to explain fully the way high-quality leader-member exchanges are formed.
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Northouse, 2001	<p>TEAM LEADERSHIP:</p>	<p>Because of structural changes in organisations, based on process flow, work teams seem to have more decision-making powers and responsibility than in traditional bureaucratic systems. This approach attempts to explain the role of the leader in leading empowered teams.</p> <p>A team in this model consists of members who are interdependent, who share common goals and who must coordinate their activities to accomplish goals.</p> <p>The characteristics for team excellence in this school of thought is proposed as being:</p> <ul style="list-style-type: none"> ● Clear, elevating goals, ● A results-driven structure, ● Competent team members, ● Unified commitment, ● Collaborative climate, ● Standards of excellence, ● Principled leadership, and ● External support. <p><i>Underlying assumption:</i> Leadership behaviour is seen as team-based problem solving in which the leaders attempts to achieve team goals by analysing the internal and external environments and then selecting the appropriate behaviours to ensure team effectiveness.</p>	<ul style="list-style-type: none"> ● The model places the work team and its leadership in an environmental context. ● The model provides a complex and cognitive guide to team leaders. ● The model takes into account the changing role of leaders and followers in organisation. ● This approach can assist in selecting team members. 	<ul style="list-style-type: none"> ● The model has not been empirically tested. ● The model is complex and it does not provide easy answers to difficult decisions. ● It is difficult to teach.
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<p>Birnbaum, 1988; Kekäle, 2005; Middlehurst, 1993; Tucker, 1992</p>	<p>POWER AND INFLUENCE LEADERSHIP THEORIES:</p> <ul style="list-style-type: none"> • Social power approaches; • Social exchange theories. 	<p>The use of power, influence and authority determine leadership effectiveness. The source and amount of power available to leaders and the way in which leaders influence followers through unilateral or reciprocal interactions, are highlighted.</p> <p><i>Social power approaches.</i> Leaders can influence followers through legitimate, reward, coercive, expert, referent and political power.</p> <p>Leadership can be viewed as a particular type of social influence that assumes a one-way interaction from the leader to the followers.</p> <p><i>Social exchange theories.</i> This theory postulates that there is a reciprocal relationship between leaders and followers based on the exchange of valued things. An example: leaders provide (e.g. resources) to groups in exchange for their approval. Leaders are as dependent on followers as followers are on leaders.</p> <p>The effectiveness of a leader depends on fulfilling the expectations of followers. Leaders accumulate power to the extent that they produce the expected reward and fairly distribute it and loose power to the extent that they do not.</p> <p><i>Underlying assumption: Leadership is concerned with the use of power, influence and authority.</i></p>		
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<p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 2001; Robbins, 2001.</p>	<p>NEO-CHARISMATIC LEADERSHIP THEORIES INCLUDE:</p> <ul style="list-style-type: none"> • Charismatic leadership • Transformational leadership • Visionary leadership 	<p>These theories describe how leaders can initiate, develop and carry out significant changes in organisations. Symbolism, emotional appeal and extraordinary follower commitment are highlighted.</p> <p><i>Charismatic leadership</i>. This can be described as the capacity of leaders to do extraordinary things. The theory refers to <i>personality characteristics</i> such as being dominant, having a desire to influence, being confident and demonstrating strong values. <i>Behaviours</i> such as being a strong role model, showing competence, articulating goals, communicating high expectations, expressing confidence and arousing motives are highlighted.</p> <p>Charismatic leadership can affect followers in several ways, e.g.: trust in the leader's ideology, unquestioning acceptance, affection towards the leader, obedience, and identification with the leader, emotional involvement, heightened goals and increased confidence.</p> <p><i>Transformational leadership</i>. Transformational leaders motivate followers to do more than expected, by:</p> <ul style="list-style-type: none"> • Raising follower's levels of consciousness about the importance and value of specific and ideal goals; • Getting followers to transcend their own self-interest for the sake of the team or the organisation; • Motivating followers to address higher-level needs; <p>Idealised influence, inspirational motivation, intellectual stimulation and individualised consideration have been identified as transformational leadership factors.</p> <p>The differences between transformational and transactional leaders are portrayed as follows:</p>	<ul style="list-style-type: none"> • Transformational leadership theories are well researched. • Transformational leadership theories are intuitively appealing. • Leadership is treated as a process between leaders and followers. • Transformational leadership includes the development needs of followers. • Transformational leadership places a strong emphasis on follower's needs, values and morals. <hr/> <ul style="list-style-type: none"> • <i>Transformational leadership</i>: charisma, inspiration, intellectual stimulation and individualised consideration are typical characteristics. • <i>Transactional leadership</i>: contingent reward, management by exception (active and passive) and Laissez-Faire actions are typical. They are usually the leaders who guide their followers in the direction of established goals, roles and task requirements. <p><i>Visionary leadership</i>: the leadership ability to create and articulate a realistic, credible and attractive vision that will help improve the current situation.</p> <p><i>Underlying assumption: Followers make heroic/extraordinary contributions when they observe inspirational leadership behaviours.</i></p>	<ul style="list-style-type: none"> • The theories lack conceptual clarity. It covers such a broad range of issues that it is difficult to define specific parameters. • It is often interpreted too simplistically as either- or- approach, and not as a matter of degree. • Leadership is treated as a personality trait. It is therefore difficult to train leaders to become transformational leaders. • It is considered elitist and anti-democratic as the transformational leader is seen as the one creating the vision on behalf of the team or organisation. • Qualitative data was collected from leaders who were serving in positions at the top of their organisations. The theories described leadership <i>of</i> organisation and not leadership <i>in</i> organisations. • These theories have the potential to be abused.
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Authors	EMERGING ETHICAL/ SPIRITUAL LEADERSHIP THEORIES:	Theme	Strengths (Northouse, 2001)	Weaknesses (Northouse, 2001)
<p>Sanders, Hopkins & Geroy, 2003</p> <p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 2001; Kekäle, 2005; Robbins, 2001</p>	<p>TRAIT THEORIES:</p> <ul style="list-style-type: none"> Ethical leadership; Chaos/complexity leadership theory; Spiritual leadership (transcendental leadership) <p>Leadership is concerned with inborn personal qualities and traits (the Great Man theory). Ambition and energy, the desire to teach, honesty and integrity, self-confidence, intelligence, sociability, determination and motivational leadership are identified qualities. These personal qualities include the traits guarantees leadership success.</p> <p>Underlying assumption: Leadership is basically inborn.</p>	<p>The principles of <i>ethical leadership</i> are respect for others, building communities, serving others, manifesting honesty and showing justice.</p> <p>The <i>chaos/complexity</i> leadership theory postulates that leaders are important to the extent they help personal qualities and traits (the Great Man theory) to teach, honesty and integrity, self-confidence, intelligence, sociability, determination and motivational leadership are identified qualities. The chaos theory rejects the Newtonian views (linear relationships between actions and reactions) on leadership.</p> <p><i>Spiritual leadership</i> is rooted in the idea that human beings are "spiritual beings", concerned with the meaning of life. Leadership is described as a contribution-based exchange relationship (Sanders, 2003). The spiritual leader is the leader who is concerned with his or her followers and tries to contribute to their personal development.</p> <p><i>Transcendental leadership</i> is about going beyond the defined limits of human knowledge, experience or reason to turn adversity into advantage. Transcendental leaders are those who can challenge limits by helping others redefine their possibilities.</p> <p>Some of the principles upheld by spiritual leaders include know your self, act with integrity, respect and honour the beliefs of others, be as trusting as you can be and maintain a spiritual practice.</p> <p>New levels of thinking, feeling and action are needed to overcome unusual problems. Thinking and doing the unthinkable is at the heart of spiritual leadership (Tan, 2006).</p>	<ul style="list-style-type: none"> Intuitively appealing: leaders are a special kind of people who do extraordinary things. It is supported by a century's research data to back it up. The leader component is highlighted in the leadership process. It provides a benchmark for what we need to look for in leaders. <p>Underlying assumption: Specific universal leadership principles are present in leaders at all levels in organisations that go beyond conscious reasoning. It is based on the credo that: "No problem can be solved from the same consciousness that created it. We must learn to see the world anew" (Albert Einstein).</p>	<ul style="list-style-type: none"> The lists of traits appear endless, which can lead to uncertainty and ambiguity. The trait approach fails to consider situations. This approach has resulted in highly subjective determinations of the 'most important' leadership traits. It does not state how traits affect group members and their outcomes. It is not a useful approach for training and developing leaders in organisation.

<p>Bergh et al, 1999; Kekäle, 2005; Middlehurst, 1993; Robbins, 2001; Tucker, 1984</p>	<p>STYLE THEORIES:</p> <ul style="list-style-type: none"> ● Ohio state studies ● University of Michigan studies ● Blake and Mouton's managerial grid ● Scandinavian studies ● Functional or action – centred leadership ● Directive-supportive leadership model 	<p>The focus of this is on the behaviour of the leader (what leaders do and not what they are.) The following principles apply:</p> <ul style="list-style-type: none"> ● Leadership is linked to certain behaviours and styles. Initiating structure and consideration for people are emphasised. ● Relationships between leadership behaviours and group performance are acknowledged. ● Leadership concepts such as employee oriented (supportive) and production orientated (directive) behaviours and styles are highlighted on grids. ● Scandinavian researchers, to make provision for the dynamic environment leaders have to operate in, added an additional development – oriented axis. ● Middlehurst, (1993) defines nine behaviours of an effective leader (setting objectives, briefing, planning, controlling, informing, supporting, reviewing and setting an example). <p><i>Underlying assumption: Preferred leadership, defined as certain behaviours, can be taught.</i></p>	<ul style="list-style-type: none"> ● It broadens the understanding of leadership as it focuses on what leaders do and how they act in certain situations. ● A wide range of studies validates and gives credibility to the basic principles of the approach. ● Any leadership style consists of two basic core components: task and relationship. ● It provides a broad conceptual map from which leaders can assess and determine how they want to change and improve their leadership style. ● Training and development practitioners, who teach leaders how to improve their effectiveness, often employ this model. 	<ul style="list-style-type: none"> ● This approach does not consistently indicate how leaders' styles are associated with specific performance outcomes (e.g. morale, job satisfaction and productivity). It only highlights that considerate leaders have followers that are more satisfied. ● It fails to identify a universal leadership style that is effective in almost every situation. ● It implies that the high task and high relationship style is the most effective style, whilst that may not be the case in all situations (e.g. emergencies).
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<p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 2001; Robbins, 2001.</p>	<p>SITUATIONAL THEORY:</p> <p>Hersey and Blanchard's situational theory.</p>	<p><i>Hersey and Blanchard's situational theory, which focuses on followers' competence and commitment. The essence of the theory is that leaders have to adapt their leadership styles to the development level of subordinates.</i></p> <p><i>Underlying assumption: Leadership behaviours suitable to the situation can be identified and taught.</i></p>	<ul style="list-style-type: none"> ● The Hersey and Blanchard model has been a factor in training programmes in over 400 of the Fortune 500 companies. ● Situational leadership theories are easy to understand, intuitively sensible and easily applied in a variety of organisational settings. ● These theories can be seen as prescriptive since they highlight what leaders should and should not do, in certain situations. ● Situational leadership theories highlight the concept of leader flexibility. 	<ul style="list-style-type: none"> ● There is a lack of a strong body of research on situational leadership. As a result the theoretical basis of the approach is questioned. ● The conceptualisation of the two key concepts, competence and commitment is ambiguous. ● It does not address the issue of one-to-one versus group leadership. ● The questionnaires used to determine leaders styles, are biased in favour of situational leadership.
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<p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 1991; Robbins, 2001</p>	<p>CONTINGENCY THEORY:</p> <ul style="list-style-type: none"> ● Fiedler's model; ● Cognitive resource theory; ● Leader participation theory. 	<p>Contingency theories match leaders with specific situations. Effective leadership is contingent on matching a leader's style to specific situational variables.</p> <p><i>Fiedler's model:</i> Leadership <i>styles</i> are described as task motivated or relationship motivated.</p> <p>Group effectiveness depends on the match between the leader's styles of interaction with his/her subordinates. The degree to which the factors in the situation, (leader-member relations, task structure and positional power match), gives control and influence to the leader.</p> <p><i>Cognitive resources theory:</i> Stress effects the situation unfavourably and experience can lessen the influence of stress on the leadership situation.</p> <p><i>Leader participation model:</i> A set of rules is provided to determine the form and amount of participative decision-making a leader could apply in different leadership situations.</p> <p><i>Underlying assumption: Effective leadership is a function of matching leadership styles with situations in a given organisational setting.</i></p>	<ul style="list-style-type: none"> ● The Contingency theory is supported by a great deal of empirical research. ● It broadens the understanding of leadership as it explains how the situation affects the leader. ● The Contingency theory helps to predict what is needed and therefore provides useful information on the type of leadership that will most likely be effective in a certain context. ● Contingency theories argue that leaders should not be expected to lead in every situation- leaders should be placed in situations that are ideal for their leadership style. ● Contingency theories provide useful information to organisations on where they should place leaders to best serve the interest of the organisation. 	<ul style="list-style-type: none"> ● It fails to explain fully why certain individuals with certain leadership styles are more effective in certain situations than in others. ● It is complex and cumbersome to use. ● Situations have to change to fit the leader's style, which does not advocate that leaders have to change their styles to fit the situation. ● It does not explain the relationship between leadership behaviour and motivation.
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Northouse, 2001	<p>PATH-GOAL THEORY:</p>	<p>The Path-goal theory is about how leaders motivate subordinates to accomplish designated goals. The aim of this leadership theory is to enhance employee performance and employee satisfaction by focusing on employee motivation.</p> <p>In this theory leaders have to find paths around obstacles by providing subordinates with the elements they need to achieve their goals. Leadership behaviours are categorised as being directive, supportive, participative and action orientated.</p> <p>Subordinates characteristics determine how a leader's behaviour will be interpreted in a given work context. Their need for affiliation, preference for structure, desire for control and self-perceived level of task ability are the factors that are considered.</p> <p>Subordinates will be motivated if they think they are capable of performing their work, if they believe their efforts will result in a certain outcome and if they believe that the payoffs for doing their work is worthwhile.</p> <p><i>Underlying assumption: Various leadership styles interact with the characteristics of subordinates and the work setting and that affect the motivation of subordinates.</i></p>	<ul style="list-style-type: none"> ● The path-goal leadership theory provides a useful framework for understanding how various leadership behaviours affect the satisfaction of sub-ordinates and their work performance. ● This theory attempts to integrate the motivation principles of the expectancy theory into a theory of leadership. ● It is practical as it demonstrates to leaders how to guide and coach subordinates on their path to achieve goals. 	<ul style="list-style-type: none"> ● It is a complex theory and interpreting the meaning of the theory can be confusing. ● Empirical studies could only partially support the theory's validity. ● The theory fails to explain adequately the relationship between leadership behaviour and work motivation. ● The theory treats leadership as a one-way event; leaders have to 'help' subordinates to achieve their goals. This can promote dependency on a leader, as the abilities of subordinates are not fully recognised in this theory.
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<p>Northouse, 2001.</p>	<p>LEADER-MEMBER EXCHANGE THEORY (LMX-THEORY):</p>	<p>The leader-member exchange theory is the first leadership theory that does not focus on the leader exclusively, but on the <i>dyadic relationship between leaders and followers</i>.</p> <p>The quality of exchange between leaders and followers is a function of in and out-group relations. When leaders and followers have good exchanges, they feel better, accomplish more and the organisation as a whole performs better.</p> <p><i>Underlying assumption: The quality of the dyadic relationship between the leader and the follower determines organisational outcomes.</i></p>	<ul style="list-style-type: none"> ● It is a strong, descriptive theory. ● It emphasises the dyadic relationship between leaders and followers. ● It highlights the importance of communication during the leadership process. ● The LMX theory is related to positive organisational outcomes. 	<ul style="list-style-type: none"> ● It can create the impression that leaders discriminate against the out-group. ● It fails to explain fully the way high-quality leader-member exchanges are formed.
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Northouse, 2001	<p>TEAM LEADERSHIP:</p>	<p>Because of structural changes in organisations, based on process flow, work teams seem to have more decision-making powers and responsibility than in traditional bureaucratic systems. This approach attempts to explain the role of the leader in leading empowered teams.</p> <p>A team in this model consists of members who are interdependent, who share common goals and who must coordinate their activities to accomplish goals.</p> <p>The characteristics for team excellence in this school of thought is proposed as being:</p> <ul style="list-style-type: none"> ● Clear, elevating goals, ● A results-driven structure, ● Competent team members, ● Unified commitment, ● Collaborative climate, ● Standards of excellence, ● Principled leadership, and ● External support. <p><i>Underlying assumption:</i> Leadership behaviour is seen as team-based problem solving in which the leaders attempts to achieve team goals by analysing the internal and external environments and then selecting the appropriate behaviours to ensure team effectiveness.</p>	<ul style="list-style-type: none"> ● The model places the work team and its leadership in an environmental context. ● The model provides a complex and cognitive guide to team leaders. ● The model takes into account the changing role of leaders and followers in organisation. ● This approach can assist in selecting team members. 	<ul style="list-style-type: none"> ● The model has not been empirically tested. ● The model is complex and it does not provide easy answers to difficult decisions. ● It is difficult to teach.
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<p>Birnbaum, 1988; Kekäle, 2005; Middlehurst, 1993; Tucker, 1992</p>	<p>POWER AND INFLUENCE LEADERSHIP THEORIES:</p> <ul style="list-style-type: none"> • Social power approaches; • Social exchange theories. 	<p>The use of power, influence and authority determine leadership effectiveness. The source and amount of power available to leaders and the way in which leaders influence followers through unilateral or reciprocal interactions, are highlighted.</p> <p><i>Social power approaches.</i> Leaders can influence followers through legitimate, reward, coercive, expert, referent and political power.</p> <p>Leadership can be viewed as a particular type of social influence that assumes a one-way interaction from the leader to the followers.</p> <p><i>Social exchange theories.</i> This theory postulates that there is a reciprocal relationship between leaders and followers based on the exchange of valued things. An example: leaders provide (e.g. resources) to groups in exchange for their approval. Leaders are as dependent on followers as followers are on leaders.</p> <p>The effectiveness of a leader depends on fulfilling the expectations of followers. Leaders accumulate power to the extent that they produce the expected reward and fairly distribute it and loose power to the extent that they do not.</p> <p><i>Underlying assumption: Leadership is concerned with the use of power, influence and authority.</i></p>		
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<p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 2001; Robbins, 2001.</p>	<p>NEO-CHARISMATIC LEADERSHIP THEORIES INCLUDE:</p> <ul style="list-style-type: none"> • Charismatic leadership • Transformational leadership • Visionary leadership 	<p>These theories describe how leaders can initiate, develop and carry out significant changes in organisations. Symbolism, emotional appeal and extraordinary follower commitment are highlighted.</p> <p><i>Charismatic leadership</i>. This can be described as the capacity of leaders to do extraordinary things. The theory refers to <i>personality characteristics</i> such as being dominant, having a desire to influence, being confident and demonstrating strong values. <i>Behaviours</i> such as being a strong role model, showing competence, articulating goals, communicating high expectations, expressing confidence and arousing motives are highlighted.</p> <p>Charismatic leadership can affect followers in several ways, e.g.: trust in the leader's ideology, unquestioning acceptance, affection towards the leader, obedience, and identification with the leader, emotional involvement, heightened goals and increased confidence.</p> <p><i>Transformational leadership</i>. Transformational leaders motivate followers to do more than expected, by:</p> <ul style="list-style-type: none"> • Raising follower's levels of consciousness about the importance and value of specific and ideal goals; • Getting followers to transcend their own self-interest for the sake of the team or the organisation; • Motivating followers to address higher-level needs; <p>Idealised influence, inspirational motivation, intellectual stimulation and individualised consideration have been identified as transformational leadership factors.</p> <p>The differences between transformational and transactional leaders are portrayed as follows:</p>	<ul style="list-style-type: none"> • Transformational leadership theories are well researched. • Transformational leadership theories are intuitively appealing. • Leadership is treated as a process between leaders and followers. • Transformational leadership includes the development needs of followers. • Transformational leadership places a strong emphasis on follower's needs, values and morals. <hr/> <ul style="list-style-type: none"> • <i>Transformational leadership</i>: charisma, inspiration, intellectual stimulation and individualised consideration are typical characteristics. • <i>Transactional leadership</i>: contingent reward, management by exception (active and passive) and Laissez-Faire actions are typical. They are usually the leaders who guide their followers in the direction of established goals, roles and task requirements. <p><i>Visionary leadership</i>: the leadership ability to create and articulate a realistic, credible and attractive vision that will help improve the current situation.</p> <p><i>Underlying assumption: Followers make heroic/extraordinary contributions when they observe inspirational leadership behaviours.</i></p>	<ul style="list-style-type: none"> • The theories lack conceptual clarity. It covers such a broad range of issues that it is difficult to define specific parameters. • It is often interpreted too simplistically as either- or- approach, and not as a matter of degree. • Leadership is treated as a personality trait. It is therefore difficult to train leaders to become transformational leaders. • It is considered elitist and anti-democratic as the transformational leader is seen as the one creating the vision on behalf of the team or organisation. • Qualitative data was collected from leaders who were serving in positions at the top of their organisations. The theories described leadership <i>of</i> organisation and not leadership <i>in</i> organisations. • These theories have the potential to be abused.
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Authors	EMERGING ETHICAL/ SPIRITUAL LEADERSHIP THEORIES:	Theme	Strengths (Northouse, 2001)	Weaknesses (Northouse, 2001)
<p>Sanders, Hopkins & Geroy, 2003</p> <p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 2001; Kekäle, 2005; Robbins, 2001</p>	<p>TRAIT THEORIES:</p> <ul style="list-style-type: none"> Ethical leadership; Chaos/complexity leadership theory; Spiritual leadership (transcendental leadership) <p>Leadership is concerned with inborn personal qualities and traits (the Great Man theory). Ambition and energy, the desire to teach, honesty and integrity, self-confidence, intelligence, sociability, determination and motivational leadership are identified qualities. These personal qualities include the traits guarantees leadership success.</p> <p>Underlying assumption: Leadership is basically inborn.</p>	<p>The principles of <i>ethical leadership</i> are respect for others, building communities, serving others, manifesting honesty and showing justice.</p> <p>The <i>chaos/complexity</i> leadership theory postulates that leaders are important to the extent they help personal qualities and traits (the Great Man theory) to teach, honesty and integrity, self-confidence, intelligence, sociability, determination and motivational leadership are identified qualities. The chaos theory rejects the Newtonian views (linear relationships between actions and reactions) on leadership.</p> <p><i>Spiritual leadership</i> is rooted in the idea that human beings are "spiritual beings", concerned with the meaning of life. Leadership is described as a contribution-based exchange relationship (Sanders, 2003). The spiritual leader is the leader who is concerned with his or her followers and tries to contribute to their personal development.</p> <p><i>Transcendental leadership</i> is about going beyond the defined limits of human knowledge, experience or reason to turn adversity into advantage. Transcendental leaders are those who can challenge limits by helping others redefine their possibilities.</p> <p>Some of the principles upheld by spiritual leaders include know your self, act with integrity, respect and honour the beliefs of others, be as trusting as you can be and maintain a spiritual practice.</p> <p>New levels of thinking, feeling and action are needed to overcome unusual problems. Thinking and doing the unthinkable is at the heart of spiritual leadership (Tan, 2006).</p>	<ul style="list-style-type: none"> Intuitively appealing: leaders are a special kind of people who do extraordinary things. It is supported by a century's research data to back it up. The leader component is highlighted in the leadership process. It provides a benchmark for what we need to look for in leaders. <p>Underlying assumption: Specific universal leadership principles are present in leaders at all levels in organisations that go beyond conscious reasoning. It is based on the credo that: "No problem can be solved from the same consciousness that created it. We must learn to see the world anew" (Albert Einstein).</p>	<ul style="list-style-type: none"> The lists of traits appear endless, which can lead to uncertainty and ambiguity. The trait approach fails to consider situations. This approach has resulted in highly subjective determinations of the 'most important' leadership traits. It does not state how traits affect group members and their outcomes. It is not a useful approach for training and developing leaders in organisation.

<p>Bergh et al, 1999; Kekäle, 2005; Middlehurst, 1993; Robbins, 2001; Tucker, 1984</p>	<p>STYLE THEORIES:</p> <ul style="list-style-type: none"> ● Ohio state studies ● University of Michigan studies ● Blake and Mouton's managerial grid ● Scandinavian studies ● Functional or action – centred leadership ● Directive-supportive leadership model 	<p>The focus of this is on the behaviour of the leader (what leaders do and not what they are.) The following principles apply:</p> <ul style="list-style-type: none"> ● Leadership is linked to certain behaviours and styles. Initiating structure and consideration for people are emphasised. ● Relationships between leadership behaviours and group performance are acknowledged. ● Leadership concepts such as employee oriented (supportive) and production orientated (directive) behaviours and styles are highlighted on grids. ● Scandinavian researchers, to make provision for the dynamic environment leaders have to operate in, added an additional development – oriented axis. ● Middlehurst, (1993) defines nine behaviours of an effective leader (setting objectives, briefing, planning, controlling, informing, supporting, reviewing and setting an example). <p><i>Underlying assumption: Preferred leadership, defined as certain behaviours, can be taught.</i></p>	<ul style="list-style-type: none"> ● It broadens the understanding of leadership as it focuses on what leaders do and how they act in certain situations. ● A wide range of studies validates and gives credibility to the basic principles of the approach. ● Any leadership style consists of two basic core components: task and relationship. ● It provides a broad conceptual map from which leaders can assess and determine how they want to change and improve their leadership style. ● Training and development practitioners, who teach leaders how to improve their effectiveness, often employ this model. 	<ul style="list-style-type: none"> ● This approach does not consistently indicate how leaders' styles are associated with specific performance outcomes (e.g. morale, job satisfaction and productivity). It only highlights that considerate leaders have followers that are more satisfied. ● It fails to identify a universal leadership style that is effective in almost every situation. ● It implies that the high task and high relationship style is the most effective style, whilst that may not be the case in all situations (e.g. emergencies).
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<p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 2001; Robbins, 2001.</p>	<p>SITUATIONAL THEORY:</p> <p>Hersey and Blanchard's situational theory.</p>	<p><i>Hersey and Blanchard's situational theory, which focuses on followers' competence and commitment. The essence of the theory is that leaders have to adapt their leadership styles to the development level of subordinates.</i></p> <p><i>Underlying assumption: Leadership behaviours suitable to the situation can be identified and taught.</i></p>	<ul style="list-style-type: none"> ● The Hersey and Blanchard model has been a factor in training programmes in over 400 of the Fortune 500 companies. ● Situational leadership theories are easy to understand, intuitively sensible and easily applied in a variety of organisational settings. ● These theories can be seen as prescriptive since they highlight what leaders should and should not do, in certain situations. ● Situational leadership theories highlight the concept of leader flexibility. 	<ul style="list-style-type: none"> ● There is a lack of a strong body of research on situational leadership. As a result the theoretical basis of the approach is questioned. ● The conceptualisation of the two key concepts, competence and commitment is ambiguous. ● It does not address the issue of one-to-one versus group leadership. ● The questionnaires used to determine leaders styles, are biased in favour of situational leadership.
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<p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 1991; Robbins, 2001</p>	<p>CONTINGENCY THEORY:</p> <ul style="list-style-type: none"> ● Fiedler's model; ● Cognitive resource theory; ● Leader participation theory. 	<p>Contingency theories match leaders with specific situations. Effective leadership is contingent on matching a leader's style to specific situational variables.</p> <p><i>Fiedler's model:</i> Leadership <i>styles</i> are described as task motivated or relationship motivated.</p> <p>Group effectiveness depends on the match between the leader's styles of interaction with his/her subordinates. The degree to which the factors in the situation, (leader-member relations, task structure and positional power match), gives control and influence to the leader.</p> <p><i>Cognitive resources theory:</i> Stress effects the situation unfavourably and experience can lessen the influence of stress on the leadership situation.</p> <p><i>Leader participation model:</i> A set of rules is provided to determine the form and amount of participative decision-making a leader could apply in different leadership situations.</p> <p><i>Underlying assumption: Effective leadership is a function of matching leadership styles with situations in a given organisational setting.</i></p>	<ul style="list-style-type: none"> ● The Contingency theory is supported by a great deal of empirical research. ● It broadens the understanding of leadership as it explains how the situation affects the leader. ● The Contingency theory helps to predict what is needed and therefore provides useful information on the type of leadership that will most likely be effective in a certain context. ● Contingency theories argue that leaders should not be expected to lead in every situation- leaders should be placed in situations that are ideal for their leadership style. ● Contingency theories provide useful information to organisations on where they should place leaders to best serve the interest of the organisation. 	<ul style="list-style-type: none"> ● It fails to explain fully why certain individuals with certain leadership styles are more effective in certain situations than in others. ● It is complex and cumbersome to use. ● Situations have to change to fit the leader's style, which does not advocate that leaders have to change their styles to fit the situation. ● It does not explain the relationship between leadership behaviour and motivation.
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<p>Northouse, 2001</p>	<p>PATH-GOAL THEORY:</p>	<p>The Path-goal theory is about how leaders motivate subordinates to accomplish designated goals. The aim of this leadership theory is to enhance employee performance and employee satisfaction by focusing on employee motivation.</p> <p>In this theory leaders have to find paths around obstacles by providing subordinates with the elements they need to achieve their goals. Leadership behaviours are categorised as being directive, supportive, participative and action orientated.</p> <p>Subordinates characteristics determine how a leader's behaviour will be interpreted in a given work context. Their need for affiliation, preference for structure, desire for control and self-perceived level of task ability are the factors that are considered.</p> <p>Subordinates will be motivated if they think they are capable of performing their work, if they believe their efforts will result in a certain outcome and if they believe that the payoffs for doing their work is worthwhile.</p> <p><i>Underlying assumption: Various leadership styles interact with the characteristics of subordinates and the work setting and that affect the motivation of subordinates.</i></p>	<ul style="list-style-type: none"> ● The path-goal leadership theory provides a useful framework for understanding how various leadership behaviours affect the satisfaction of sub-ordinates and their work performance. ● This theory attempts to integrate the motivation principles of the expectancy theory into a theory of leadership. ● It is practical as it demonstrates to leaders how to guide and coach subordinates on their path to achieve goals. 	<ul style="list-style-type: none"> ● It is a complex theory and interpreting the meaning of the theory can be confusing. ● Empirical studies could only partially support the theory's validity. ● The theory fails to explain adequately the relationship between leadership behaviour and work motivation. ● The theory treats leadership as a one-way event; leaders have to 'help' subordinates to achieve their goals. This can promote dependency on a leader, as the abilities of subordinates are not fully recognised in this theory.
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<p>Northouse, 2001.</p>	<p>LEADER-MEMBER EXCHANGE THEORY (LMX-THEORY):</p>	<p>The leader-member exchange theory is the first leadership theory that does not focus on the leader exclusively, but on the <i>dyadic relationship between leaders and followers</i>.</p> <p>The quality of exchange between leaders and followers is a function of in and out-group relations. When leaders and followers have good exchanges, they feel better, accomplish more and the organisation as a whole performs better.</p> <p><i>Underlying assumption: The quality of the dyadic relationship between the leader and the follower determines organisational outcomes.</i></p>	<ul style="list-style-type: none"> ● It is a strong, descriptive theory. ● It emphasises the dyadic relationship between leaders and followers. ● It highlights the importance of communication during the leadership process. ● The LMX theory is related to positive organisational outcomes. 	<ul style="list-style-type: none"> ● It can create the impression that leaders discriminate against the out-group. ● It fails to explain fully the way high-quality leader-member exchanges are formed.
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Northouse, 2001	<p>TEAM LEADERSHIP:</p>	<p>Because of structural changes in organisations, based on process flow, work teams seem to have more decision-making powers and responsibility than in traditional bureaucratic systems. This approach attempts to explain the role of the leader in leading empowered teams.</p> <p>A team in this model consists of members who are interdependent, who share common goals and who must coordinate their activities to accomplish goals.</p> <p>The characteristics for team excellence in this school of thought is proposed as being:</p> <ul style="list-style-type: none"> ● Clear, elevating goals, ● A results-driven structure, ● Competent team members, ● Unified commitment, ● Collaborative climate, ● Standards of excellence, ● Principled leadership, and ● External support. <p><i>Underlying assumption:</i> Leadership behaviour is seen as team-based problem solving in which the leaders attempts to achieve team goals by analysing the internal and external environments and then selecting the appropriate behaviours to ensure team effectiveness.</p>	<ul style="list-style-type: none"> ● The model places the work team and its leadership in an environmental context. ● The model provides a complex and cognitive guide to team leaders. ● The model takes into account the changing role of leaders and followers in organisation. ● This approach can assist in selecting team members. 	<ul style="list-style-type: none"> ● The model has not been empirically tested. ● The model is complex and it does not provide easy answers to difficult decisions. ● It is difficult to teach.
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<p>Birnbaum, 1988; Kekäle, 2005; Middlehurst, 1993; Tucker, 1992</p>	<p>POWER AND INFLUENCE LEADERSHIP THEORIES:</p> <ul style="list-style-type: none"> • Social power approaches; • Social exchange theories. 	<p>The use of power, influence and authority determine leadership effectiveness. The source and amount of power available to leaders and the way in which leaders influence followers through unilateral or reciprocal interactions, are highlighted.</p> <p><i>Social power approaches.</i> Leaders can influence followers through legitimate, reward, coercive, expert, referent and political power.</p> <p>Leadership can be viewed as a particular type of social influence that assumes a one-way interaction from the leader to the followers.</p> <p><i>Social exchange theories.</i> This theory postulates that there is a reciprocal relationship between leaders and followers based on the exchange of valued things. An example: leaders provide (e.g. resources) to groups in exchange for their approval. Leaders are as dependent on followers as followers are on leaders.</p> <p>The effectiveness of a leader depends on fulfilling the expectations of followers. Leaders accumulate power to the extent that they produce the expected reward and fairly distribute it and loose power to the extent that they do not.</p> <p><i>Underlying assumption: Leadership is concerned with the use of power, influence and authority.</i></p>		
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<p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 2001; Robbins, 2001.</p>	<p>NEO-CHARISMATIC LEADERSHIP THEORIES INCLUDE:</p> <ul style="list-style-type: none"> • Charismatic leadership • Transformational leadership • Visionary leadership 	<p>These theories describe how leaders can initiate, develop and carry out significant changes in organisations. Symbolism, emotional appeal and extraordinary follower commitment are highlighted.</p> <p><i>Charismatic leadership</i>. This can be described as the capacity of leaders to do extraordinary things. The theory refers to <i>personality characteristics</i> such as being dominant, having a desire to influence, being confident and demonstrating strong values. <i>Behaviours</i> such as being a strong role model, showing competence, articulating goals, communicating high expectations, expressing confidence and arousing motives are highlighted.</p> <p>Charismatic leadership can affect followers in several ways, e.g.: trust in the leader's ideology, unquestioning acceptance, affection towards the leader, obedience, and identification with the leader, emotional involvement, heightened goals and increased confidence.</p> <p><i>Transformational leadership</i>. Transformational leaders motivate followers to do more than expected, by:</p> <ul style="list-style-type: none"> • Raising follower's levels of consciousness about the importance and value of specific and ideal goals; • Getting followers to transcend their own self-interest for the sake of the team or the organisation; • Motivating followers to address higher-level needs; <p>Idealised influence, inspirational motivation, intellectual stimulation and individualised consideration have been identified as transformational leadership factors.</p> <p>The differences between transformational and transactional leaders are portrayed as follows:</p>	<ul style="list-style-type: none"> • Transformational leadership theories are well researched. • Transformational leadership theories are intuitively appealing. • Leadership is treated as a process between leaders and followers. • Transformational leadership includes the development needs of followers. • Transformational leadership places a strong emphasis on follower's needs, values and morals. <hr/> <ul style="list-style-type: none"> • <i>Transformational leadership</i>: charisma, inspiration, intellectual stimulation and individualised consideration are typical characteristics. • <i>Transactional leadership</i>: contingent reward, management by exception (active and passive) and Laissez-Faire actions are typical. They are usually the leaders who guide their followers in the direction of established goals, roles and task requirements. <p><i>Visionary leadership</i>: the leadership ability to create and articulate a realistic, credible and attractive vision that will help improve the current situation.</p> <p><i>Underlying assumption: Followers make heroic/extraordinary contributions when they observe inspirational leadership behaviours.</i></p>	<ul style="list-style-type: none"> • The theories lack conceptual clarity. It covers such a broad range of issues that it is difficult to define specific parameters. • It is often interpreted too simplistically as either- or- approach, and not as a matter of degree. • Leadership is treated as a personality trait. It is therefore difficult to train leaders to become transformational leaders. • It is considered elitist and anti-democratic as the transformational leader is seen as the one creating the vision on behalf of the team or organisation. • Qualitative data was collected from leaders who were serving in positions at the top of their organisations. The theories described leadership <i>of</i> organisation and not leadership <i>in</i> organisations. • These theories have the potential to be abused.
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Authors	EMERGING ETHICAL/ SPIRITUAL LEADERSHIP THEORIES:	Theme	Strengths (Northouse, 2001)	Weaknesses (Northouse, 2001)
<p>Sanders, Hopkins & Geroy, 2003</p> <p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 2001; Kekäle, 2005; Robbins, 2001</p>	<p>TRAIT THEORIES:</p> <ul style="list-style-type: none"> Ethical leadership; Chaos/complexity leadership theory; Spiritual leadership (transcendental leadership) <p>Leadership is concerned with inborn personal qualities and traits (the Great Man theory). Ambition and energy, the desire to teach, honesty and integrity, self-confidence, intelligence, sociability, determination and motivational leadership are identified qualities. These personal qualities include the traits guarantees leadership success.</p> <p>Underlying assumption: Leadership is basically inborn.</p>	<p>The principles of <i>ethical leadership</i> are respect for others, building communities, serving others, manifesting honesty and showing justice.</p> <p>The <i>chaos/complexity</i> leadership theory postulates that leaders are important to the extent they help personal qualities and traits (the Great Man theory) to teach, honesty and integrity, self-confidence, intelligence, sociability, determination and motivational leadership are identified qualities. The chaos theory rejects the Newtonian views (linear relationships between actions and reactions) on leadership.</p> <p><i>Spiritual leadership</i> is rooted in the idea that human beings are "spiritual beings", concerned with the meaning of life. Leadership is described as a contribution-based exchange relationship (Sanders, 2003). The spiritual leader is the leader who is concerned with his or her followers and tries to contribute to their personal development.</p> <p><i>Transcendental leadership</i> is about going beyond the defined limits of human knowledge, experience or reason to turn adversity into advantage. Transcendental leaders are those who can challenge limits by helping others redefine their possibilities.</p> <p>Some of the principles upheld by spiritual leaders include know your self, act with integrity, respect and honour the beliefs of others, be as trusting as you can be and maintain a spiritual practice.</p> <p>New levels of thinking, feeling and action are needed to overcome unusual problems. Thinking and doing the unthinkable is at the heart of spiritual leadership (Tan, 2006).</p>	<ul style="list-style-type: none"> Intuitively appealing: leaders are a special kind of people who do extraordinary things. It is supported by a century's research data to back it up. The leader component is highlighted in the leadership process. It provides a benchmark for what we need to look for in leaders. <p>Underlying assumption: Specific universal leadership principles are present in leaders at all levels in organisations that go beyond conscious reasoning. It is based on the credo that: "No problem can be solved from the same consciousness that created it. We must learn to see the world anew" (Albert Einstein).</p>	<ul style="list-style-type: none"> The lists of traits appear endless, which can lead to uncertainty and ambiguity. The trait approach fails to consider situations. This approach has resulted in highly subjective determinations of the 'most important' leadership traits. It does not state how traits affect group members and their outcomes. It is not a useful approach for training and developing leaders in organisation.

<p>Bergh et al, 1999; Kekäle, 2005; Middlehurst, 1993; Robbins, 2001; Tucker, 1984</p>	<p>STYLE THEORIES:</p> <ul style="list-style-type: none"> ● Ohio state studies ● University of Michigan studies ● Blake and Mouton's managerial grid ● Scandinavian studies ● Functional or action – centred leadership ● Directive-supportive leadership model 	<p>The focus of this is on the behaviour of the leader (what leaders do and not what they are.) The following principles apply:</p> <ul style="list-style-type: none"> ● Leadership is linked to certain behaviours and styles. Initiating structure and consideration for people are emphasised. ● Relationships between leadership behaviours and group performance are acknowledged. ● Leadership concepts such as employee oriented (supportive) and production orientated (directive) behaviours and styles are highlighted on grids. ● Scandinavian researchers, to make provision for the dynamic environment leaders have to operate in, added an additional development – oriented axis. ● Middlehurst, (1993) defines nine behaviours of an effective leader (setting objectives, briefing, planning, controlling, informing, supporting, reviewing and setting an example). <p><i>Underlying assumption: Preferred leadership, defined as certain behaviours, can be taught.</i></p>	<ul style="list-style-type: none"> ● It broadens the understanding of leadership as it focuses on what leaders do and how they act in certain situations. ● A wide range of studies validates and gives credibility to the basic principles of the approach. ● Any leadership style consists of two basic core components: task and relationship. ● It provides a broad conceptual map from which leaders can assess and determine how they want to change and improve their leadership style. ● Training and development practitioners, who teach leaders how to improve their effectiveness, often employ this model. 	<ul style="list-style-type: none"> ● This approach does not consistently indicate how leaders' styles are associated with specific performance outcomes (e.g. morale, job satisfaction and productivity). It only highlights that considerate leaders have followers that are more satisfied. ● It fails to identify a universal leadership style that is effective in almost every situation. ● It implies that the high task and high relationship style is the most effective style, whilst that may not be the case in all situations (e.g. emergencies).
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<p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 2001; Robbins, 2001.</p>	<p>SITUATIONAL THEORY:</p> <p>Hersey and Blanchard's situational theory.</p>	<p><i>Hersey and Blanchard's situational theory, which focuses on followers' competence and commitment. The essence of the theory is that leaders have to adapt their leadership styles to the development level of subordinates.</i></p> <p><i>Underlying assumption: Leadership behaviours suitable to the situation can be identified and taught.</i></p>	<ul style="list-style-type: none"> ● The Hersey and Blanchard model has been a factor in training programmes in over 400 of the Fortune 500 companies. ● Situational leadership theories are easy to understand, intuitively sensible and easily applied in a variety of organisational settings. ● These theories can be seen as prescriptive since they highlight what leaders should and should not do, in certain situations. ● Situational leadership theories highlight the concept of leader flexibility. 	<ul style="list-style-type: none"> ● There is a lack of a strong body of research on situational leadership. As a result the theoretical basis of the approach is questioned. ● The conceptualisation of the two key concepts, competence and commitment is ambiguous. ● It does not address the issue of one-to-one versus group leadership. ● The questionnaires used to determine leaders styles, are biased in favour of situational leadership.
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<p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 1991; Robbins, 2001</p>	<p>CONTINGENCY THEORY:</p> <ul style="list-style-type: none"> ● Fiedler's model; ● Cognitive resource theory; ● Leader participation theory. 	<p>Contingency theories match leaders with specific situations. Effective leadership is contingent on matching a leader's style to specific situational variables.</p> <p><i>Fiedler's model:</i> Leadership <i>styles</i> are described as task motivated or relationship motivated.</p> <p>Group effectiveness depends on the match between the leader's styles of interaction with his/her subordinates. The degree to which the factors in the situation, (leader-member relations, task structure and positional power match), gives control and influence to the leader.</p> <p><i>Cognitive resources theory:</i> Stress effects the situation unfavourably and experience can lessen the influence of stress on the leadership situation.</p> <p><i>Leader participation model:</i> A set of rules is provided to determine the form and amount of participative decision-making a leader could apply in different leadership situations.</p> <p><i>Underlying assumption: Effective leadership is a function of matching leadership styles with situations in a given organisational setting.</i></p>	<ul style="list-style-type: none"> ● The Contingency theory is supported by a great deal of empirical research. ● It broadens the understanding of leadership as it explains how the situation affects the leader. ● The Contingency theory helps to predict what is needed and therefore provides useful information on the type of leadership that will most likely be effective in a certain context. ● Contingency theories argue that leaders should not be expected to lead in every situation- leaders should be placed in situations that are ideal for their leadership style. ● Contingency theories provide useful information to organisations on where they should place leaders to best serve the interest of the organisation. 	<ul style="list-style-type: none"> ● It fails to explain fully why certain individuals with certain leadership styles are more effective in certain situations than in others. ● It is complex and cumbersome to use. ● Situations have to change to fit the leader's style, which does not advocate that leaders have to change their styles to fit the situation. ● It does not explain the relationship between leadership behaviour and motivation.
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Northouse, 2001	<p>PATH-GOAL THEORY:</p>	<p>The Path-goal theory is about how leaders motivate subordinates to accomplish designated goals. The aim of this leadership theory is to enhance employee performance and employee satisfaction by focusing on employee motivation.</p> <p>In this theory leaders have to find paths around obstacles by providing subordinates with the elements they need to achieve their goals. Leadership behaviours are categorised as being directive, supportive, participative and action orientated.</p> <p>Subordinates characteristics determine how a leader's behaviour will be interpreted in a given work context. Their need for affiliation, preference for structure, desire for control and self-perceived level of task ability are the factors that are considered.</p> <p>Subordinates will be motivated if they think they are capable of performing their work, if they believe their efforts will result in a certain outcome and if they believe that the payoffs for doing their work is worthwhile.</p> <p><i>Underlying assumption: Various leadership styles interact with the characteristics of subordinates and the work setting and that affect the motivation of subordinates.</i></p>	<ul style="list-style-type: none"> ● The path-goal leadership theory provides a useful framework for understanding how various leadership behaviours affect the satisfaction of sub-ordinates and their work performance. ● This theory attempts to integrate the motivation principles of the expectancy theory into a theory of leadership. ● It is practical as it demonstrates to leaders how to guide and coach subordinates on their path to achieve goals. 	<ul style="list-style-type: none"> ● It is a complex theory and interpreting the meaning of the theory can be confusing. ● Empirical studies could only partially support the theory's validity. ● The theory fails to explain adequately the relationship between leadership behaviour and work motivation. ● The theory treats leadership as a one-way event; leaders have to 'help' subordinates to achieve their goals. This can promote dependency on a leader, as the abilities of subordinates are not fully recognised in this theory.
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<p>Northouse, 2001.</p>	<p>LEADER-MEMBER EXCHANGE THEORY (LMX-THEORY):</p>	<p>The leader-member exchange theory is the first leadership theory that does not focus on the leader exclusively, but on the <i>dyadic relationship between leaders and followers</i>.</p> <p>The quality of exchange between leaders and followers is a function of in and out-group relations. When leaders and followers have good exchanges, they feel better, accomplish more and the organisation as a whole performs better.</p> <p><i>Underlying assumption: The quality of the dyadic relationship between the leader and the follower determines organisational outcomes.</i></p>	<ul style="list-style-type: none"> ● It is a strong, descriptive theory. ● It emphasises the dyadic relationship between leaders and followers. ● It highlights the importance of communication during the leadership process. ● The LMX theory is related to positive organisational outcomes. 	<ul style="list-style-type: none"> ● It can create the impression that leaders discriminate against the out-group. ● It fails to explain fully the way high-quality leader-member exchanges are formed.
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Northouse, 2001	<p>TEAM LEADERSHIP:</p>	<p>Because of structural changes in organisations, based on process flow, work teams seem to have more decision-making powers and responsibility than in traditional bureaucratic systems. This approach attempts to explain the role of the leader in leading empowered teams.</p> <p>A team in this model consists of members who are interdependent, who share common goals and who must coordinate their activities to accomplish goals.</p> <p>The characteristics for team excellence in this school of thought is proposed as being:</p> <ul style="list-style-type: none"> ● Clear, elevating goals, ● A results-driven structure, ● Competent team members, ● Unified commitment, ● Collaborative climate, ● Standards of excellence, ● Principled leadership, and ● External support. <p><i>Underlying assumption:</i> Leadership behaviour is seen as team-based problem solving in which the leaders attempts to achieve team goals by analysing the internal and external environments and then selecting the appropriate behaviours to ensure team effectiveness.</p>	<ul style="list-style-type: none"> ● The model places the work team and its leadership in an environmental context. ● The model provides a complex and cognitive guide to team leaders. ● The model takes into account the changing role of leaders and followers in organisation. ● This approach can assist in selecting team members. 	<ul style="list-style-type: none"> ● The model has not been empirically tested. ● The model is complex and it does not provide easy answers to difficult decisions. ● It is difficult to teach.
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<p>Birnbaum, 1988; Kekäle, 2005; Middlehurst, 1993; Tucker, 1992</p>	<p>POWER AND INFLUENCE LEADERSHIP THEORIES:</p> <ul style="list-style-type: none"> • Social power approaches; • Social exchange theories. 	<p>The use of power, influence and authority determine leadership effectiveness. The source and amount of power available to leaders and the way in which leaders influence followers through unilateral or reciprocal interactions, are highlighted.</p> <p><i>Social power approaches.</i> Leaders can influence followers through legitimate, reward, coercive, expert, referent and political power.</p> <p>Leadership can be viewed as a particular type of social influence that assumes a one-way interaction from the leader to the followers.</p> <p><i>Social exchange theories.</i> This theory postulates that there is a reciprocal relationship between leaders and followers based on the exchange of valued things. An example: leaders provide (e.g. resources) to groups in exchange for their approval. Leaders are as dependent on followers as followers are on leaders.</p> <p>The effectiveness of a leader depends on fulfilling the expectations of followers. Leaders accumulate power to the extent that they produce the expected reward and fairly distribute it and loose power to the extent that they do not.</p> <p><i>Underlying assumption: Leadership is concerned with the use of power, influence and authority.</i></p>		
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<p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 2001; Robbins, 2001.</p>	<p>NEO-CHARISMATIC LEADERSHIP THEORIES INCLUDE:</p> <ul style="list-style-type: none"> • Charismatic leadership • Transformational leadership • Visionary leadership 	<p>These theories describe how leaders can initiate, develop and carry out significant changes in organisations. Symbolism, emotional appeal and extraordinary follower commitment are highlighted.</p> <p><i>Charismatic leadership</i>. This can be described as the capacity of leaders to do extraordinary things. The theory refers to <i>personality characteristics</i> such as being dominant, having a desire to influence, being confident and demonstrating strong values. <i>Behaviours</i> such as being a strong role model, showing competence, articulating goals, communicating high expectations, expressing confidence and arousing motives are highlighted.</p> <p>Charismatic leadership can affect followers in several ways, e.g.: trust in the leader's ideology, unquestioning acceptance, affection towards the leader, obedience, and identification with the leader, emotional involvement, heightened goals and increased confidence.</p> <p><i>Transformational leadership</i>. Transformational leaders motivate followers to do more than expected, by:</p> <ul style="list-style-type: none"> • Raising follower's levels of consciousness about the importance and value of specific and ideal goals; • Getting followers to transcend their own self-interest for the sake of the team or the organisation; • Motivating followers to address higher-level needs; <p>Idealised influence, inspirational motivation, intellectual stimulation and individualised consideration have been identified as transformational leadership factors.</p> <p>The differences between transformational and transactional leaders are portrayed as follows:</p>	<ul style="list-style-type: none"> • Transformational leadership theories are well researched. • Transformational leadership theories are intuitively appealing. • Leadership is treated as a process between leaders and followers. • Transformational leadership includes the development needs of followers. • Transformational leadership places a strong emphasis on follower's needs, values and morals. <hr/> <ul style="list-style-type: none"> • <i>Transformational leadership</i>: charisma, inspiration, intellectual stimulation and individualised consideration are typical characteristics. • <i>Transactional leadership</i>: contingent reward, management by exception (active and passive) and Laissez-Faire actions are typical. They are usually the leaders who guide their followers in the direction of established goals, roles and task requirements. <p><i>Visionary leadership</i>: the leadership ability to create and articulate a realistic, credible and attractive vision that will help improve the current situation.</p> <p><i>Underlying assumption: Followers make heroic/extraordinary contributions when they observe inspirational leadership behaviours.</i></p>	<ul style="list-style-type: none"> • The theories lack conceptual clarity. It covers such a broad range of issues that it is difficult to define specific parameters. • It is often interpreted too simplistically as either- or- approach, and not as a matter of degree. • Leadership is treated as a personality trait. It is therefore difficult to train leaders to become transformational leaders. • It is considered elitist and anti-democratic as the transformational leader is seen as the one creating the vision on behalf of the team or organisation. • Qualitative data was collected from leaders who were serving in positions at the top of their organisations. The theories described leadership <i>of</i> organisation and not leadership <i>in</i> organisations. • These theories have the potential to be abused.
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Authors	EMERGING ETHICAL/ SPIRITUAL LEADERSHIP THEORIES:	Theme	Strengths (Northouse, 2001)	Weaknesses (Northouse, 2001)
<p>Sanders, Hopkins & Geroy, 2003</p> <p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 2001; Kekäle, 2005; Robbins, 2001</p>	<p>TRAIT THEORIES:</p> <ul style="list-style-type: none"> Ethical leadership; Chaos/complexity leadership theory; Spiritual leadership (transcendental leadership) <p>Leadership is concerned with inborn personal qualities and traits (the Great Man theory). Ambition and energy, the desire to teach, honesty and integrity, self-confidence, intelligence, sociability, determination and motivational leadership are identified qualities. These personal qualities include the traits guarantees leadership success.</p> <p>Underlying assumption: Leadership is basically inborn.</p>	<p>The principles of <i>ethical leadership</i> are respect for others, building communities, serving others, manifesting honesty and showing justice.</p> <p>The <i>chaos/complexity</i> leadership theory postulates that leaders are important to the extent they help personal qualities and traits (the Great Man theory) to teach, honesty and integrity, self-confidence, intelligence, sociability, determination and motivational leadership are identified qualities. The chaos theory rejects the Newtonian views (linear relationships between actions and reactions) on leadership.</p> <p><i>Spiritual leadership</i> is rooted in the idea that human beings are "spiritual beings", concerned with the meaning of life. Leadership is described as a contribution-based exchange relationship (Sanders, 2003). The spiritual leader is the leader who is concerned with his or her followers and tries to contribute to their personal development.</p> <p><i>Transcendental leadership</i> is about going beyond the defined limits of human knowledge, experience or reason to turn adversity into advantage. Transcendental leaders are those who can challenge limits by helping others redefine their possibilities.</p> <p>Some of the principles upheld by spiritual leaders include know your self, act with integrity, respect and honour the beliefs of others, be as trusting as you can be and maintain a spiritual practice.</p> <p>New levels of thinking, feeling and action are needed to overcome unusual problems. Thinking and doing the unthinkable is at the heart of spiritual leadership (Tan, 2006).</p>	<ul style="list-style-type: none"> Intuitively appealing: leaders are a special kind of people who do extraordinary things. It is supported by a century's research data to back it up. The leader component is highlighted in the leadership process. It provides a benchmark for what we need to look for in leaders. <p>Underlying assumption: Specific universal leadership principles are present in leaders at all levels in organisations that go beyond conscious reasoning. It is based on the credo that: "No problem can be solved from the same consciousness that created it. We must learn to see the world anew" (Albert Einstein).</p>	<ul style="list-style-type: none"> The lists of traits appear endless, which can lead to uncertainty and ambiguity. The trait approach fails to consider situations. This approach has resulted in highly subjective determinations of the 'most important' leadership traits. It does not state how traits affect group members and their outcomes. It is not a useful approach for training and developing leaders in organisation.

<p>Bergh et al, 1999; Kekäle, 2005; Middlehurst, 1993; Robbins, 2001; Tucker, 1984</p>	<p>STYLE THEORIES:</p> <ul style="list-style-type: none"> • Ohio state studies • University of Michigan studies • Blake and Mouton's managerial grid • Scandinavian studies • Functional or action – centred leadership • Directive-supportive leadership model 	<p>The focus of this is on the behaviour of the leader (what leaders do and not what they are.) The following principles apply:</p> <ul style="list-style-type: none"> • Leadership is linked to certain behaviours and styles. Initiating structure and consideration for people are emphasised. • Relationships between leadership behaviours and group performance are acknowledged. • Leadership concepts such as employee oriented (supportive) and production orientated (directive) behaviours and styles are highlighted on grids. • Scandinavian researchers, to make provision for the dynamic environment leaders have to operate in, added an additional development – oriented axis. • Middlehurst, (1993) defines nine behaviours of an effective leader (setting objectives, briefing, planning, controlling, informing, supporting, reviewing and setting an example). <p><i>Underlying assumption: Preferred leadership, defined as certain behaviours, can be taught.</i></p>	<ul style="list-style-type: none"> • It broadens the understanding of leadership as it focuses on what leaders do and how they act in certain situations. • A wide range of studies validates and gives credibility to the basic principles of the approach. • Any leadership style consists of two basic core components: task and relationship. • It provides a broad conceptual map from which leaders can assess and determine how they want to change and improve their leadership style. • Training and development practitioners, who teach leaders how to improve their effectiveness, often employ this model. 	<ul style="list-style-type: none"> • This approach does not consistently indicate how leaders' styles are associated with specific performance outcomes (e.g. morale, job satisfaction and productivity). It only highlights that considerate leaders have followers that are more satisfied. • It fails to identify a universal leadership style that is effective in almost every situation. • It implies that the high task and high relationship style is the most effective style, whilst that may not be the case in all situations (e.g. emergencies).
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<p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 2001; Robbins, 2001.</p>	<p>SITUATIONAL THEORY:</p> <p>Hersey and Blanchard's situational theory.</p>	<p><i>Hersey and Blanchard's situational theory, which focuses on followers' competence and commitment. The essence of the theory is that leaders have to adapt their leadership styles to the development level of subordinates.</i></p> <p><i>Underlying assumption: Leadership behaviours suitable to the situation can be identified and taught.</i></p>	<ul style="list-style-type: none"> ● The Hersey and Blanchard model has been a factor in training programmes in over 400 of the Fortune 500 companies. ● Situational leadership theories are easy to understand, intuitively sensible and easily applied in a variety of organisational settings. ● These theories can be seen as prescriptive since they highlight what leaders should and should not do, in certain situations. ● Situational leadership theories highlight the concept of leader flexibility. 	<ul style="list-style-type: none"> ● There is a lack of a strong body of research on situational leadership. As a result the theoretical basis of the approach is questioned. ● The conceptualisation of the two key concepts, competence and commitment is ambiguous. ● It does not address the issue of one-to-one versus group leadership. ● The questionnaires used to determine leaders styles, are biased in favour of situational leadership.
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<p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 1991; Robbins, 2001</p>	<p>CONTINGENCY THEORY:</p> <ul style="list-style-type: none"> ● Fiedler's model; ● Cognitive resource theory; ● Leader participation theory. 	<p>Contingency theories match leaders with specific situations. Effective leadership is contingent on matching a leader's style to specific situational variables.</p> <p><i>Fiedler's model:</i> Leadership <i>styles</i> are described as task motivated or relationship motivated.</p> <p>Group effectiveness depends on the match between the leader's styles of interaction with his/her subordinates. The degree to which the factors in the situation, (leader-member relations, task structure and positional power match), gives control and influence to the leader.</p> <p><i>Cognitive resources theory:</i> Stress effects the situation unfavourably and experience can lessen the influence of stress on the leadership situation.</p> <p><i>Leader participation model:</i> A set of rules is provided to determine the form and amount of participative decision-making a leader could apply in different leadership situations.</p> <p><i>Underlying assumption: Effective leadership is a function of matching leadership styles with situations in a given organisational setting.</i></p>	<ul style="list-style-type: none"> ● The Contingency theory is supported by a great deal of empirical research. ● It broadens the understanding of leadership as it explains how the situation affects the leader. ● The Contingency theory helps to predict what is needed and therefore provides useful information on the type of leadership that will most likely be effective in a certain context. ● Contingency theories argue that leaders should not be expected to lead in every situation- leaders should be placed in situations that are ideal for their leadership style. ● Contingency theories provide useful information to organisations on where they should place leaders to best serve the interest of the organisation. 	<ul style="list-style-type: none"> ● It fails to explain fully why certain individuals with certain leadership styles are more effective in certain situations than in others. ● It is complex and cumbersome to use. ● Situations have to change to fit the leader's style, which does not advocate that leaders have to change their styles to fit the situation. ● It does not explain the relationship between leadership behaviour and motivation.
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<p>Northouse, 2001</p>	<p>PATH-GOAL THEORY:</p>	<p>The Path-goal theory is about how leaders motivate subordinates to accomplish designated goals. The aim of this leadership theory is to enhance employee performance and employee satisfaction by focusing on employee motivation.</p> <p>In this theory leaders have to find paths around obstacles by providing subordinates with the elements they need to achieve their goals. Leadership behaviours are categorised as being directive, supportive, participative and action orientated.</p> <p>Subordinates characteristics determine how a leader's behaviour will be interpreted in a given work context. Their need for affiliation, preference for structure, desire for control and self-perceived level of task ability are the factors that are considered.</p> <p>Subordinates will be motivated if they think they are capable of performing their work, if they believe their efforts will result in a certain outcome and if they believe that the payoffs for doing their work is worthwhile.</p> <p><i>Underlying assumption: Various leadership styles interact with the characteristics of subordinates and the work setting and that affect the motivation of subordinates.</i></p>	<ul style="list-style-type: none"> ● The path-goal leadership theory provides a useful framework for understanding how various leadership behaviours affect the satisfaction of sub-ordinates and their work performance. ● This theory attempts to integrate the motivation principles of the expectancy theory into a theory of leadership. ● It is practical as it demonstrates to leaders how to guide and coach subordinates on their path to achieve goals. 	<ul style="list-style-type: none"> ● It is a complex theory and interpreting the meaning of the theory can be confusing. ● Empirical studies could only partially support the theory's validity. ● The theory fails to explain adequately the relationship between leadership behaviour and work motivation. ● The theory treats leadership as a one-way event; leaders have to 'help' subordinates to achieve their goals. This can promote dependency on a leader, as the abilities of subordinates are not fully recognised in this theory.
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<p>Northouse, 2001.</p>	<p>LEADER-MEMBER EXCHANGE THEORY (LMX-THEORY):</p>	<p>The leader-member exchange theory is the first leadership theory that does not focus on the leader exclusively, but on the <i>dyadic relationship between leaders and followers</i>.</p> <p>The quality of exchange between leaders and followers is a function of in and out-group relations. When leaders and followers have good exchanges, they feel better, accomplish more and the organisation as a whole performs better.</p> <p><i>Underlying assumption: The quality of the dyadic relationship between the leader and the follower determines organisational outcomes.</i></p>	<ul style="list-style-type: none"> ● It is a strong, descriptive theory. ● It emphasises the dyadic relationship between leaders and followers. ● It highlights the importance of communication during the leadership process. ● The LMX theory is related to positive organisational outcomes. 	<ul style="list-style-type: none"> ● It can create the impression that leaders discriminate against the out-group. ● It fails to explain fully the way high-quality leader-member exchanges are formed.
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Northouse, 2001	<p>TEAM LEADERSHIP:</p>	<p>Because of structural changes in organisations, based on process flow, work teams seem to have more decision-making powers and responsibility than in traditional bureaucratic systems. This approach attempts to explain the role of the leader in leading empowered teams.</p> <p>A team in this model consists of members who are interdependent, who share common goals and who must coordinate their activities to accomplish goals.</p> <p>The characteristics for team excellence in this school of thought is proposed as being:</p> <ul style="list-style-type: none"> ● Clear, elevating goals, ● A results-driven structure, ● Competent team members, ● Unified commitment, ● Collaborative climate, ● Standards of excellence, ● Principled leadership, and ● External support. <p><i>Underlying assumption:</i> Leadership behaviour is seen as team-based problem solving in which the leaders attempts to achieve team goals by analysing the internal and external environments and then selecting the appropriate behaviours to ensure team effectiveness.</p>	<ul style="list-style-type: none"> ● The model places the work team and its leadership in an environmental context. ● The model provides a complex and cognitive guide to team leaders. ● The model takes into account the changing role of leaders and followers in organisation. ● This approach can assist in selecting team members. 	<ul style="list-style-type: none"> ● The model has not been empirically tested. ● The model is complex and it does not provide easy answers to difficult decisions. ● It is difficult to teach.
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<p>Birnbaum, 1988; Kekäle, 2005; Middlehurst, 1993; Tucker, 1992</p>	<p>POWER AND INFLUENCE LEADERSHIP THEORIES:</p> <ul style="list-style-type: none"> • Social power approaches; • Social exchange theories. 	<p>The use of power, influence and authority determine leadership effectiveness. The source and amount of power available to leaders and the way in which leaders influence followers through unilateral or reciprocal interactions, are highlighted.</p> <p><i>Social power approaches.</i> Leaders can influence followers through legitimate, reward, coercive, expert, referent and political power.</p> <p>Leadership can be viewed as a particular type of social influence that assumes a one-way interaction from the leader to the followers.</p> <p><i>Social exchange theories.</i> This theory postulates that there is a reciprocal relationship between leaders and followers based on the exchange of valued things. An example: leaders provide (e.g. resources) to groups in exchange for their approval. Leaders are as dependent on followers as followers are on leaders.</p> <p>The effectiveness of a leader depends on fulfilling the expectations of followers. Leaders accumulate power to the extent that they produce the expected reward and fairly distribute it and loose power to the extent that they do not.</p> <p><i>Underlying assumption: Leadership is concerned with the use of power, influence and authority.</i></p>		
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<p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 2001; Robbins, 2001.</p>	<p>NEO-CHARISMATIC LEADERSHIP THEORIES INCLUDE:</p> <ul style="list-style-type: none"> • Charismatic leadership • Transformational leadership • Visionary leadership 	<p>These theories describe how leaders can initiate, develop and carry out significant changes in organisations. Symbolism, emotional appeal and extraordinary follower commitment are highlighted.</p> <p><i>Charismatic leadership</i>. This can be described as the capacity of leaders to do extraordinary things. The theory refers to <i>personality characteristics</i> such as being dominant, having a desire to influence, being confident and demonstrating strong values. <i>Behaviours</i> such as being a strong role model, showing competence, articulating goals, communicating high expectations, expressing confidence and arousing motives are highlighted.</p> <p>Charismatic leadership can affect followers in several ways, e.g.: trust in the leader's ideology, unquestioning acceptance, affection towards the leader, obedience, and identification with the leader, emotional involvement, heightened goals and increased confidence.</p> <p><i>Transformational leadership</i>. Transformational leaders motivate followers to do more than expected, by:</p> <ul style="list-style-type: none"> • Raising follower's levels of consciousness about the importance and value of specific and ideal goals; • Getting followers to transcend their own self-interest for the sake of the team or the organisation; • Motivating followers to address higher-level needs; <p>Idealised influence, inspirational motivation, intellectual stimulation and individualised consideration have been identified as transformational leadership factors.</p> <p>The differences between transformational and transactional leaders are portrayed as follows:</p>	<ul style="list-style-type: none"> • Transformational leadership theories are well researched. • Transformational leadership theories are intuitively appealing. • Leadership is treated as a process between leaders and followers. • Transformational leadership includes the development needs of followers. • Transformational leadership places a strong emphasis on follower's needs, values and morals. <hr/> <ul style="list-style-type: none"> • <i>Transformational leadership</i>: charisma, inspiration, intellectual stimulation and individualised consideration are typical characteristics. • <i>Transactional leadership</i>: contingent reward, management by exception (active and passive) and Laissez-Faire actions are typical. They are usually the leaders who guide their followers in the direction of established goals, roles and task requirements. <p><i>Visionary leadership</i>: the leadership ability to create and articulate a realistic, credible and attractive vision that will help improve the current situation.</p> <p><i>Underlying assumption: Followers make heroic/extraordinary contributions when they observe inspirational leadership behaviours.</i></p>	<ul style="list-style-type: none"> • The theories lack conceptual clarity. It covers such a broad range of issues that it is difficult to define specific parameters. • It is often interpreted too simplistically as either- or- approach, and not as a matter of degree. • Leadership is treated as a personality trait. It is therefore difficult to train leaders to become transformational leaders. • It is considered elitist and anti-democratic as the transformational leader is seen as the one creating the vision on behalf of the team or organisation. • Qualitative data was collected from leaders who were serving in positions at the top of their organisations. The theories described leadership <i>of</i> organisation and not leadership <i>in</i> organisations. • These theories have the potential to be abused.
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Authors	EMERGING ETHICAL/ SPIRITUAL LEADERSHIP THEORIES:	Theme	Strengths (Northouse, 2001)	Weaknesses (Northouse, 2001)
<p>Sanders, Hopkins & Geroy, 2003</p> <p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 2001; Kekäle, 2005; Robbins, 2001</p>	<p>TRAIT THEORIES:</p> <ul style="list-style-type: none"> Ethical leadership; Chaos/complexity leadership theory; Spiritual leadership (transcendental leadership) <p>Leadership is concerned with inborn personal qualities and traits (the Great Man theory). Ambition and energy, the desire to teach, honesty and integrity, self-confidence, intelligence, sociability, determination and motivational leadership are identified qualities. These personal qualities include the traits guarantees leadership success.</p> <p>Underlying assumption: Leadership is basically inborn.</p>	<p>The principles of <i>ethical leadership</i> are respect for others, building communities, serving others, manifesting honesty and showing justice.</p> <p>The <i>chaos/complexity</i> leadership theory postulates that leaders are important to the extent they help personal qualities and traits (the Great Man theory) to teach, honesty and integrity, self-confidence, intelligence, sociability, determination and motivational leadership are identified qualities. The chaos theory rejects the Newtonian views (linear relationships between actions and reactions) on leadership.</p> <p><i>Spiritual leadership</i> is rooted in the idea that human beings are "spiritual beings", concerned with the meaning of life. Leadership is described as a contribution-based exchange relationship (Sanders, 2003). The spiritual leader is the leader who is concerned with his or her followers and tries to contribute to their personal development.</p> <p><i>Transcendental leadership</i> is about going beyond the defined limits of human knowledge, experience or reason to turn adversity into advantage. Transcendental leaders are those who can challenge limits by helping others redefine their possibilities.</p> <p>Some of the principles upheld by spiritual leaders include know your self, act with integrity, respect and honour the beliefs of others, be as trusting as you can be and maintain a spiritual practice.</p> <p>New levels of thinking, feeling and action are needed to overcome unusual problems. Thinking and doing the unthinkable is at the heart of spiritual leadership (Tan, 2006).</p>	<ul style="list-style-type: none"> Intuitively appealing: leaders are a special kind of people who do extraordinary things. It is supported by a century's research data to back it up. The leader component is highlighted in the leadership process. It provides a benchmark for what we need to look for in leaders. <p>Underlying assumption: Specific universal leadership principles are present in leaders at all levels in organisations that go beyond conscious reasoning. It is based on the credo that: "No problem can be solved from the same consciousness that created it. We must learn to see the world anew" (Albert Einstein).</p>	<ul style="list-style-type: none"> The lists of traits appear endless, which can lead to uncertainty and ambiguity. The trait approach fails to consider situations. This approach has resulted in highly subjective determinations of the 'most important' leadership traits. It does not state how traits affect group members and their outcomes. It is not a useful approach for training and developing leaders in organisation.

<p>Bergh et al, 1999; Kekäle, 2005; Middlehurst, 1993; Robbins, 2001; Tucker, 1984</p>	<p>STYLE THEORIES:</p> <ul style="list-style-type: none"> ● Ohio state studies ● University of Michigan studies ● Blake and Mouton's managerial grid ● Scandinavian studies ● Functional or action – centred leadership ● Directive-supportive leadership model 	<p>The focus of this is on the behaviour of the leader (what leaders do and not what they are.) The following principles apply:</p> <ul style="list-style-type: none"> ● Leadership is linked to certain behaviours and styles. Initiating structure and consideration for people are emphasised. ● Relationships between leadership behaviours and group performance are acknowledged. ● Leadership concepts such as employee oriented (supportive) and production orientated (directive) behaviours and styles are highlighted on grids. ● Scandinavian researchers, to make provision for the dynamic environment leaders have to operate in, added an additional development – oriented axis. ● Middlehurst, (1993) defines nine behaviours of an effective leader (setting objectives, briefing, planning, controlling, informing, supporting, reviewing and setting an example). <p><i>Underlying assumption: Preferred leadership, defined as certain behaviours, can be taught.</i></p>	<ul style="list-style-type: none"> ● It broadens the understanding of leadership as it focuses on what leaders do and how they act in certain situations. ● A wide range of studies validates and gives credibility to the basic principles of the approach. ● Any leadership style consists of two basic core components: task and relationship. ● It provides a broad conceptual map from which leaders can assess and determine how they want to change and improve their leadership style. ● Training and development practitioners, who teach leaders how to improve their effectiveness, often employ this model. 	<ul style="list-style-type: none"> ● This approach does not consistently indicate how leaders' styles are associated with specific performance outcomes (e.g. morale, job satisfaction and productivity). It only highlights that considerate leaders have followers that are more satisfied. ● It fails to identify a universal leadership style that is effective in almost every situation. ● It implies that the high task and high relationship style is the most effective style, whilst that may not be the case in all situations (e.g. emergencies).
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<p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 2001; Robbins, 2001.</p>	<p>SITUATIONAL THEORY:</p> <p>Hersey and Blanchard's situational theory.</p>	<p><i>Hersey and Blanchard's situational theory, which focuses on followers' competence and commitment. The essence of the theory is that leaders have to adapt their leadership styles to the development level of subordinates.</i></p> <p><i>Underlying assumption: Leadership behaviours suitable to the situation can be identified and taught.</i></p>	<ul style="list-style-type: none"> ● The Hersey and Blanchard model has been a factor in training programmes in over 400 of the Fortune 500 companies. ● Situational leadership theories are easy to understand, intuitively sensible and easily applied in a variety of organisational settings. ● These theories can be seen as prescriptive since they highlight what leaders should and should not do, in certain situations. ● Situational leadership theories highlight the concept of leader flexibility. 	<ul style="list-style-type: none"> ● There is a lack of a strong body of research on situational leadership. As a result the theoretical basis of the approach is questioned. ● The conceptualisation of the two key concepts, competence and commitment is ambiguous. ● It does not address the issue of one-to-one versus group leadership. ● The questionnaires used to determine leaders styles, are biased in favour of situational leadership.
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<p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 1991; Robbins, 2001</p>	<p>CONTINGENCY THEORY:</p> <ul style="list-style-type: none"> ● Fiedler's model; ● Cognitive resource theory; ● Leader participation theory. 	<p>Contingency theories match leaders with specific situations. Effective leadership is contingent on matching a leader's style to specific situational variables.</p> <p><i>Fiedler's model:</i> Leadership <i>styles</i> are described as task motivated or relationship motivated.</p> <p>Group effectiveness depends on the match between the leader's styles of interaction with his/her subordinates. The degree to which the factors in the situation, (leader-member relations, task structure and positional power match), gives control and influence to the leader.</p> <p><i>Cognitive resources theory:</i> Stress effects the situation unfavourably and experience can lessen the influence of stress on the leadership situation.</p> <p><i>Leader participation model:</i> A set of rules is provided to determine the form and amount of participative decision-making a leader could apply in different leadership situations.</p> <p><i>Underlying assumption: Effective leadership is a function of matching leadership styles with situations in a given organisational setting.</i></p>	<ul style="list-style-type: none"> ● The Contingency theory is supported by a great deal of empirical research. ● It broadens the understanding of leadership as it explains how the situation affects the leader. ● The Contingency theory helps to predict what is needed and therefore provides useful information on the type of leadership that will most likely be effective in a certain context. ● Contingency theories argue that leaders should not be expected to lead in every situation- leaders should be placed in situations that are ideal for their leadership style. ● Contingency theories provide useful information to organisations on where they should place leaders to best serve the interest of the organisation. 	<ul style="list-style-type: none"> ● It fails ails to explain fully why certain individuals with certain leadership styles are more effective in certain situations than in others. ● It is complex and cumbersome to use. ● Situations have to change to fit the leader's style, which does not advocate that leaders have to change their styles to fit the situation. ● It does not explain the relationship between leadership behaviour and motivation.
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<p>Northouse, 2001</p>	<p>PATH-GOAL THEORY:</p>	<p>The Path-goal theory is about how leaders motivate subordinates to accomplish designated goals. The aim of this leadership theory is to enhance employee performance and employee satisfaction by focusing on employee motivation.</p> <p>In this theory leaders have to find paths around obstacles by providing subordinates with the elements they need to achieve their goals. Leadership behaviours are categorised as being directive, supportive, participative and action orientated.</p> <p>Subordinates characteristics determine how a leader's behaviour will be interpreted in a given work context. Their need for affiliation, preference for structure, desire for control and self-perceived level of task ability are the factors that are considered.</p> <p>Subordinates will be motivated if they think they are capable of performing their work, if they believe their efforts will result in a certain outcome and if they believe that the payoffs for doing their work is worthwhile.</p> <p><i>Underlying assumption: Various leadership styles interact with the characteristics of subordinates and the work setting and that affect the motivation of subordinates.</i></p>	<ul style="list-style-type: none"> ● The path-goal leadership theory provides a useful framework for understanding how various leadership behaviours affect the satisfaction of sub-ordinates and their work performance. ● This theory attempts to integrate the motivation principles of the expectancy theory into a theory of leadership. ● It is practical as it demonstrates to leaders how to guide and coach subordinates on their path to achieve goals. 	<ul style="list-style-type: none"> ● It is a complex theory and interpreting the meaning of the theory can be confusing. ● Empirical studies could only partially support the theory's validity. ● The theory fails to explain adequately the relationship between leadership behaviour and work motivation. ● The theory treats leadership as a one-way event; leaders have to 'help' subordinates to achieve their goals. This can promote dependency on a leader, as the abilities of subordinates are not fully recognised in this theory.
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<p>Northouse, 2001.</p>	<p>LEADER-MEMBER EXCHANGE THEORY (LMX-THEORY):</p>	<p>The leader-member exchange theory is the first leadership theory that does not focus on the leader exclusively, but on the <i>dyadic relationship between leaders and followers</i>.</p> <p>The quality of exchange between leaders and followers is a function of in and out-group relations. When leaders and followers have good exchanges, they feel better, accomplish more and the organisation as a whole performs better.</p> <p><i>Underlying assumption: The quality of the dyadic relationship between the leader and the follower determines organisational outcomes.</i></p>	<ul style="list-style-type: none"> ● It is a strong, descriptive theory. ● It emphasises the dyadic relationship between leaders and followers. ● It highlights the importance of communication during the leadership process. ● The LMX theory is related to positive organisational outcomes. 	<ul style="list-style-type: none"> ● It can create the impression that leaders discriminate against the out-group. ● It fails to explain fully the way high-quality leader-member exchanges are formed.
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Northouse, 2001	<p>TEAM LEADERSHIP:</p>	<p>Because of structural changes in organisations, based on process flow, work teams seem to have more decision-making powers and responsibility than in traditional bureaucratic systems. This approach attempts to explain the role of the leader in leading empowered teams.</p> <p>A team in this model consists of members who are interdependent, who share common goals and who must coordinate their activities to accomplish goals.</p> <p>The characteristics for team excellence in this school of thought is proposed as being:</p> <ul style="list-style-type: none"> ● Clear, elevating goals, ● A results-driven structure, ● Competent team members, ● Unified commitment, ● Collaborative climate, ● Standards of excellence, ● Principled leadership, and ● External support. <p><i>Underlying assumption:</i> Leadership behaviour is seen as team-based problem solving in which the leaders attempts to achieve team goals by analysing the internal and external environments and then selecting the appropriate behaviours to ensure team effectiveness.</p>	<ul style="list-style-type: none"> ● The model places the work team and its leadership in an environmental context. ● The model provides a complex and cognitive guide to team leaders. ● The model takes into account the changing role of leaders and followers in organisation. ● This approach can assist in selecting team members. 	<ul style="list-style-type: none"> ● The model has not been empirically tested. ● The model is complex and it does not provide easy answers to difficult decisions. ● It is difficult to teach.
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<p>Birnbaum, 1988; Kekäle, 2005; Middlehurst, 1993; Tucker, 1992</p>	<p>POWER AND INFLUENCE LEADERSHIP THEORIES:</p> <ul style="list-style-type: none"> • Social power approaches; • Social exchange theories. 	<p>The use of power, influence and authority determine leadership effectiveness. The source and amount of power available to leaders and the way in which leaders influence followers through unilateral or reciprocal interactions, are highlighted.</p> <p><i>Social power approaches.</i> Leaders can influence followers through legitimate, reward, coercive, expert, referent and political power.</p> <p>Leadership can be viewed as a particular type of social influence that assumes a one-way interaction from the leader to the followers.</p> <p><i>Social exchange theories.</i> This theory postulates that there is a reciprocal relationship between leaders and followers based on the exchange of valued things. An example: leaders provide (e.g. resources) to groups in exchange for their approval. Leaders are as dependent on followers as followers are on leaders.</p> <p>The effectiveness of a leader depends on fulfilling the expectations of followers. Leaders accumulate power to the extent that they produce the expected reward and fairly distribute it and loose power to the extent that they do not.</p> <p><i>Underlying assumption: Leadership is concerned with the use of power, influence and authority.</i></p>		
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<p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 2001; Robbins, 2001.</p>	<p>NEO-CHARISMATIC LEADERSHIP THEORIES INCLUDE:</p> <ul style="list-style-type: none"> • Charismatic leadership • Transformational leadership • Visionary leadership 	<p>These theories describe how leaders can initiate, develop and carry out significant changes in organisations. Symbolism, emotional appeal and extraordinary follower commitment are highlighted.</p> <p><i>Charismatic leadership</i>. This can be described as the capacity of leaders to do extraordinary things. The theory refers to <i>personality characteristics</i> such as being dominant, having a desire to influence, being confident and demonstrating strong values. <i>Behaviours</i> such as being a strong role model, showing competence, articulating goals, communicating high expectations, expressing confidence and arousing motives are highlighted.</p> <p>Charismatic leadership can affect followers in several ways, e.g.: trust in the leader's ideology, unquestioning acceptance, affection towards the leader, obedience, and identification with the leader, emotional involvement, heightened goals and increased confidence.</p> <p><i>Transformational leadership</i>. Transformational leaders motivate followers to do more than expected, by:</p> <ul style="list-style-type: none"> • Raising follower's levels of consciousness about the importance and value of specific and ideal goals; • Getting followers to transcend their own self-interest for the sake of the team or the organisation; • Motivating followers to address higher-level needs; <p>Idealised influence, inspirational motivation, intellectual stimulation and individualised consideration have been identified as transformational leadership factors.</p> <p>The differences between transformational and transactional leaders are portrayed as follows:</p>	<ul style="list-style-type: none"> • Transformational leadership theories are well researched. • Transformational leadership theories are intuitively appealing. • Leadership is treated as a process between leaders and followers. • Transformational leadership includes the development needs of followers. • Transformational leadership places a strong emphasis on follower's needs, values and morals. <hr/> <ul style="list-style-type: none"> • <i>Transformational leadership</i>: charisma, inspiration, intellectual stimulation and individualised consideration are typical characteristics. • <i>Transactional leadership</i>: contingent reward, management by exception (active and passive) and Laissez-Faire actions are typical. They are usually the leaders who guide their followers in the direction of established goals, roles and task requirements. <p><i>Visionary leadership</i>: the leadership ability to create and articulate a realistic, credible and attractive vision that will help improve the current situation.</p> <p><i>Underlying assumption: Followers make heroic/extraordinary contributions when they observe inspirational leadership behaviours.</i></p>	<ul style="list-style-type: none"> • The theories lack conceptual clarity. It covers such a broad range of issues that it is difficult to define specific parameters. • It is often interpreted too simplistically as either- or- approach, and not as a matter of degree. • Leadership is treated as a personality trait. It is therefore difficult to train leaders to become transformational leaders. • It is considered elitist and anti-democratic as the transformational leader is seen as the one creating the vision on behalf of the team or organisation. • Qualitative data was collected from leaders who were serving in positions at the top of their organisations. The theories described leadership <i>of</i> organisation and not leadership <i>in</i> organisations. • These theories have the potential to be abused.
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Authors	EMERGING ETHICAL/ SPIRITUAL LEADERSHIP THEORIES:	Theme	Strengths (Northouse, 2001)	Weaknesses (Northouse, 2001)
Sanders, Hopkins & Geroy, 2003 Bergh et al, 1999; Middlehurst, 1993; Northouse, 2001; Kekäle, 2005; Robbins, 2001	TRAIT THEORIES: <ul style="list-style-type: none"> Ethical leadership; Chaos/complexity leadership theory; Spiritual leadership (transcendental leadership) Leadership is concerned with the personal qualities and traits (the <i>Great Man</i> theory). Ambition and energy, the desire to teach, honesty and integrity, self-confidence, intelligence, sociability, determination and motivational leadership are identified qualities. These personal qualities include the traits guarantees leadership success.	The principles of <i>ethical leadership</i> are respect for others, building communities, serving others, manifesting honesty and showing justice. The <i>chaos/complexity</i> leadership theory postulates that leaders are important to the extent they help personal qualities and traits (the <i>Great Man</i> theory). Ambition and energy, the desire to teach, honesty and integrity, self-confidence, intelligence, sociability, determination and motivational leadership are identified qualities. These personal qualities include the traits guarantees leadership success. The chaos theory rejects the Newtonian views (linear relationships between actions and reactions) on leadership. <i>Spiritual leadership</i> is rooted in the idea that human beings are "spiritual beings", concerned with the meaning of life. Leadership is described as a contribution-based exchange relationship (Sanders, 2003). The spiritual leader is the leader who is concerned with his or her followers and tries to contribute to their personal development. <i>Transcendental leadership</i> is about going beyond the defined limits of human knowledge, experience or reason to turn adversity into advantage. Transcendental leaders are those who can challenge limits by helping others redefine their possibilities. Some of the principles upheld by spiritual leaders include know your self, act with integrity, respect and honour the beliefs of others, be as trusting as you can be and maintain a spiritual practice. New levels of thinking, feeling and action are needed to overcome unusual problems. Thinking and doing the unthinkable is at the heart of spiritual leadership (Tan, 2006).	<ul style="list-style-type: none"> Intuitively appealing: leaders are a special kind of people who do extraordinary things. It is supported by a century's research data to back it up. The leader component is highlighted in the leadership process. It provides a benchmark for what we need to look for in leaders. 	<ul style="list-style-type: none"> The lists of traits appear endless, which can lead to uncertainty and ambiguity. The trait approach fails to consider situations. This approach has resulted in highly subjective determinations of the 'most important' leadership traits. It does not state how traits affect group members and their outcomes. It is not a useful approach for training and developing leaders in organisation.
	<p><i>Underlying assumption: Leadership is basically about...</i></p>	<p><i>Underlying assumption: Specific universal leadership principles are present in leaders at all levels in organisations that go beyond conscious reasoning. It is based on the credo that: "No problem can be solved from the same consciousness that created it. We must learn to see the world anew" (Albert Einstein).</i></p>		

<p>Bergh et al, 1999; Kekäle, 2005; Middlehurst, 1993; Robbins, 2001; Tucker, 1984</p>	<p>STYLE THEORIES:</p> <ul style="list-style-type: none"> • Ohio state studies • University of Michigan studies • Blake and Mouton's managerial grid • Scandinavian studies • Functional or action – centred leadership • Directive-supportive leadership model 	<p>The focus of this is on the behaviour of the leader (what leaders do and not what they are.) The following principles apply:</p> <ul style="list-style-type: none"> • Leadership is linked to certain behaviours and styles. Initiating structure and consideration for people are emphasised. • Relationships between leadership behaviours and group performance are acknowledged. • Leadership concepts such as employee oriented (supportive) and production orientated (directive) behaviours and styles are highlighted on grids. • Scandinavian researchers, to make provision for the dynamic environment leaders have to operate in, added an additional development – oriented axis. • Middlehurst, (1993) defines nine behaviours of an effective leader (setting objectives, briefing, planning, controlling, informing, supporting, reviewing and setting an example). <p><i>Underlying assumption: Preferred leadership, defined as certain behaviours, can be taught.</i></p>	<ul style="list-style-type: none"> • It broadens the understanding of leadership as it focuses on what leaders do and how they act in certain situations. • A wide range of studies validates and gives credibility to the basic principles of the approach. • Any leadership style consists of two basic core components: task and relationship. • It provides a broad conceptual map from which leaders can assess and determine how they want to change and improve their leadership style. • Training and development practitioners, who teach leaders how to improve their effectiveness, often employ this model. 	<ul style="list-style-type: none"> • This approach does not consistently indicate how leaders' styles are associated with specific performance outcomes (e.g. morale, job satisfaction and productivity). It only highlights that considerate leaders have followers that are more satisfied. • It fails to identify a universal leadership style that is effective in almost every situation. • It implies that the high task and high relationship style is the most effective style, whilst that may not be the case in all situations (e.g. emergencies).
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<p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 2001; Robbins, 2001.</p>	<p>SITUATIONAL THEORY:</p> <p>Hersey and Blanchard's situational theory.</p>	<p><i>Hersey and Blanchard's situational theory, which focuses on followers' competence and commitment. The essence of the theory is that leaders have to adapt their leadership styles to the development level of subordinates.</i></p> <p><i>Underlying assumption: Leadership behaviours suitable to the situation can be identified and taught.</i></p>	<ul style="list-style-type: none"> ● The Hersey and Blanchard model has been a factor in training programmes in over 400 of the Fortune 500 companies. ● Situational leadership theories are easy to understand, intuitively sensible and easily applied in a variety of organisational settings. ● These theories can be seen as prescriptive since they highlight what leaders should and should not do, in certain situations. ● Situational leadership theories highlight the concept of leader flexibility. 	<ul style="list-style-type: none"> ● There is a lack of a strong body of research on situational leadership. As a result the theoretical basis of the approach is questioned. ● The conceptualisation of the two key concepts, competence and commitment is ambiguous. ● It does not address the issue of one-to-one versus group leadership. ● The questionnaires used to determine leaders styles, are biased in favour of situational leadership.
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<p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 1991; Robbins, 2001</p>	<p>CONTINGENCY THEORY:</p> <ul style="list-style-type: none"> ● Fiedler's model; ● Cognitive resource theory; ● Leader participation theory. 	<p>Contingency theories match leaders with specific situations. Effective leadership is contingent on matching a leader's style to specific situational variables.</p> <p><i>Fiedler's model:</i> Leadership <i>styles</i> are described as task motivated or relationship motivated.</p> <p>Group effectiveness depends on the match between the leader's styles of interaction with his/her subordinates. The degree to which the factors in the situation, (leader-member relations, task structure and positional power match), gives control and influence to the leader.</p> <p><i>Cognitive resources theory:</i> Stress effects the situation unfavourably and experience can lessen the influence of stress on the leadership situation.</p> <p><i>Leader participation model:</i> A set of rules is provided to determine the form and amount of participative decision-making a leader could apply in different leadership situations.</p> <p><i>Underlying assumption: Effective leadership is a function of matching leadership styles with situations in a given organisational setting.</i></p>	<ul style="list-style-type: none"> ● The Contingency theory is supported by a great deal of empirical research. ● It broadens the understanding of leadership as it explains how the situation affects the leader. ● The Contingency theory helps to predict what is needed and therefore provides useful information on the type of leadership that will most likely be effective in a certain context. ● Contingency theories argue that leaders should not be expected to lead in every situation- leaders should be placed in situations that are ideal for their leadership style. ● Contingency theories provide useful information to organisations on where they should place leaders to best serve the interest of the organisation. 	<ul style="list-style-type: none"> ● It fails to explain fully why certain individuals with certain leadership styles are more effective in certain situations than in others. ● It is complex and cumbersome to use. ● Situations have to change to fit the leader's style, which does not advocate that leaders have to change their styles to fit the situation. ● It does not explain the relationship between leadership behaviour and motivation.
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<p>Northouse, 2001</p>	<p>PATH-GOAL THEORY:</p>	<p>The Path-goal theory is about how leaders motivate subordinates to accomplish designated goals. The aim of this leadership theory is to enhance employee performance and employee satisfaction by focusing on employee motivation.</p> <p>In this theory leaders have to find paths around obstacles by providing subordinates with the elements they need to achieve their goals. Leadership behaviours are categorised as being directive, supportive, participative and action orientated.</p> <p>Subordinates characteristics determine how a leader's behaviour will be interpreted in a given work context. Their need for affiliation, preference for structure, desire for control and self-perceived level of task ability are the factors that are considered.</p> <p>Subordinates will be motivated if they think they are capable of performing their work, if they believe their efforts will result in a certain outcome and if they believe that the payoffs for doing their work is worthwhile.</p> <p><i>Underlying assumption: Various leadership styles interact with the characteristics of subordinates and the work setting and that affect the motivation of subordinates.</i></p>	<ul style="list-style-type: none"> ● The path-goal leadership theory provides a useful framework for understanding how various leadership behaviours affect the satisfaction of sub-ordinates and their work performance. ● This theory attempts to integrate the motivation principles of the expectancy theory into a theory of leadership. ● It is practical as it demonstrates to leaders how to guide and coach subordinates on their path to achieve goals. 	<ul style="list-style-type: none"> ● It is a complex theory and interpreting the meaning of the theory can be confusing. ● Empirical studies could only partially support the theory's validity. ● The theory fails to explain adequately the relationship between leadership behaviour and work motivation. ● The theory treats leadership as a one-way event; leaders have to 'help' subordinates to achieve their goals. This can promote dependency on a leader, as the abilities of subordinates are not fully recognised in this theory.
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<p>Northouse, 2001.</p>	<p>LEADER-MEMBER EXCHANGE THEORY (LMX-THEORY):</p>	<p>The leader-member exchange theory is the first leadership theory that does not focus on the leader exclusively, but on the <i>dyadic relationship between leaders and followers</i>.</p> <p>The quality of exchange between leaders and followers is a function of in and out-group relations. When leaders and followers have good exchanges, they feel better, accomplish more and the organisation as a whole performs better.</p> <p><i>Underlying assumption: The quality of the dyadic relationship between the leader and the follower determines organisational outcomes.</i></p>	<ul style="list-style-type: none"> ● It is a strong, descriptive theory. ● It emphasises the dyadic relationship between leaders and followers. ● It highlights the importance of communication during the leadership process. ● The LMX theory is related to positive organisational outcomes. 	<ul style="list-style-type: none"> ● It can create the impression that leaders discriminate against the out-group. ● It fails to explain fully the way high-quality leader-member exchanges are formed.
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Northouse, 2001	<p>TEAM LEADERSHIP:</p>	<p>Because of structural changes in organisations, based on process flow, work teams seem to have more decision-making powers and responsibility than in traditional bureaucratic systems. This approach attempts to explain the role of the leader in leading empowered teams.</p> <p>A team in this model consists of members who are interdependent, who share common goals and who must coordinate their activities to accomplish goals.</p> <p>The characteristics for team excellence in this school of thought is proposed as being:</p> <ul style="list-style-type: none"> ● Clear, elevating goals, ● A results-driven structure, ● Competent team members, ● Unified commitment, ● Collaborative climate, ● Standards of excellence, ● Principled leadership, and ● External support. <p><i>Underlying assumption:</i> Leadership behaviour is seen as team-based problem solving in which the leaders attempts to achieve team goals by analysing the internal and external environments and then selecting the appropriate behaviours to ensure team effectiveness.</p>	<ul style="list-style-type: none"> ● The model places the work team and its leadership in an environmental context. ● The model provides a complex and cognitive guide to team leaders. ● The model takes into account the changing role of leaders and followers in organisation. ● This approach can assist in selecting team members. 	<ul style="list-style-type: none"> ● The model has not been empirically tested. ● The model is complex and it does not provide easy answers to difficult decisions. ● It is difficult to teach.
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<p>Birnbaum, 1988; Kekäle, 2005; Middlehurst, 1993; Tucker, 1992</p>	<p>POWER AND INFLUENCE LEADERSHIP THEORIES:</p> <ul style="list-style-type: none"> • Social power approaches; • Social exchange theories. 	<p>The use of power, influence and authority determine leadership effectiveness. The source and amount of power available to leaders and the way in which leaders influence followers through unilateral or reciprocal interactions, are highlighted.</p> <p><i>Social power approaches.</i> Leaders can influence followers through legitimate, reward, coercive, expert, referent and political power.</p> <p>Leadership can be viewed as a particular type of social influence that assumes a one-way interaction from the leader to the followers.</p> <p><i>Social exchange theories.</i> This theory postulates that there is a reciprocal relationship between leaders and followers based on the exchange of valued things. An example: leaders provide (e.g. resources) to groups in exchange for their approval. Leaders are as dependent on followers as followers are on leaders.</p> <p>The effectiveness of a leader depends on fulfilling the expectations of followers. Leaders accumulate power to the extent that they produce the expected reward and fairly distribute it and loose power to the extent that they do not.</p> <p><i>Underlying assumption: Leadership is concerned with the use of power, influence and authority.</i></p>		
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<p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 2001; Robbins, 2001.</p>	<p>NEO-CHARISMATIC LEADERSHIP THEORIES INCLUDE:</p> <ul style="list-style-type: none"> • Charismatic leadership • Transformational leadership • Visionary leadership 	<p>These theories describe how leaders can initiate, develop and carry out significant changes in organisations. Symbolism, emotional appeal and extraordinary follower commitment are highlighted.</p> <p><i>Charismatic leadership</i>. This can be described as the capacity of leaders to do extraordinary things. The theory refers to <i>personality characteristics</i> such as being dominant, having a desire to influence, being confident and demonstrating strong values. <i>Behaviours</i> such as being a strong role model, showing competence, articulating goals, communicating high expectations, expressing confidence and arousing motives are highlighted.</p> <p>Charismatic leadership can affect followers in several ways, e.g.: trust in the leader's ideology, unquestioning acceptance, affection towards the leader, obedience, and identification with the leader, emotional involvement, heightened goals and increased confidence.</p> <p><i>Transformational leadership</i>. Transformational leaders motivate followers to do more than expected, by:</p> <ul style="list-style-type: none"> • Raising follower's levels of consciousness about the importance and value of specific and ideal goals; • Getting followers to transcend their own self-interest for the sake of the team or the organisation; • Motivating followers to address higher-level needs; <p>Idealised influence, inspirational motivation, intellectual stimulation and individualised consideration have been identified as transformational leadership factors.</p> <p>The differences between transformational and transactional leaders are portrayed as follows:</p>	<ul style="list-style-type: none"> • Transformational leadership theories are well researched. • Transformational leadership theories are intuitively appealing. • Leadership is treated as a process between leaders and followers. • Transformational leadership includes the development needs of followers. • Transformational leadership places a strong emphasis on follower's needs, values and morals. <hr/> <ul style="list-style-type: none"> • <i>Transformational leadership</i>: charisma, inspiration, intellectual stimulation and individualised consideration are typical characteristics. • <i>Transactional leadership</i>: contingent reward, management by exception (active and passive) and Laissez-Faire actions are typical. They are usually the leaders who guide their followers in the direction of established goals, roles and task requirements. <p><i>Visionary leadership</i>: the leadership ability to create and articulate a realistic, credible and attractive vision that will help improve the current situation.</p> <p><i>Underlying assumption: Followers make heroic/extraordinary contributions when they observe inspirational leadership behaviours.</i></p>	<ul style="list-style-type: none"> • The theories lack conceptual clarity. It covers such a broad range of issues that it is difficult to define specific parameters. • It is often interpreted too simplistically as either- or- approach, and not as a matter of degree. • Leadership is treated as a personality trait. It is therefore difficult to train leaders to become transformational leaders. • It is considered elitist and anti-democratic as the transformational leader is seen as the one creating the vision on behalf of the team or organisation. • Qualitative data was collected from leaders who were serving in positions at the top of their organisations. The theories described leadership <i>of</i> organisation and not leadership <i>in</i> organisations. • These theories have the potential to be abused.
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Authors	EMERGING ETHICAL/ SPIRITUAL LEADERSHIP THEORIES:	Theme	Strengths (Northouse, 2001)	Weaknesses (Northouse, 2001)
<p>Sanders, Hopkins & Geroy, 2003</p> <p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 2001; Kekäle, 2005; Robbins, 2001</p>	<p>TRAIT THEORIES:</p> <ul style="list-style-type: none"> Ethical leadership; Chaos/complexity leadership theory; Spiritual leadership (transcendental leadership) <p>Leadership is concerned with inborn personal qualities and traits (the Great Man theory). Ambition and energy, the desire to teach, honesty and integrity, self-confidence, intelligence, sociability, determination and motivational leadership are identified qualities. These personal qualities include the traits guarantees leadership success.</p> <p>Underlying assumption: Leadership is basically inborn.</p>	<p>The principles of <i>ethical leadership</i> are respect for others, building communities, serving others, manifesting honesty and showing justice.</p> <p>The <i>chaos/complexity</i> leadership theory postulates that leaders are important to the extent they help personal qualities and traits (the Great Man theory) to teach, honesty and integrity, self-confidence, intelligence, sociability, determination and motivational leadership are identified qualities. The chaos theory rejects the Newtonian views (linear relationships between actions and reactions) on leadership.</p> <p><i>Spiritual leadership</i> is rooted in the idea that human beings are "spiritual beings", concerned with the meaning of life. Leadership is described as a contribution-based exchange relationship (Sanders, 2003). The spiritual leader is the leader who is concerned with his or her followers and tries to contribute to their personal development.</p> <p><i>Transcendental leadership</i> is about going beyond the defined limits of human knowledge, experience or reason to turn adversity into advantage. Transcendental leaders are those who can challenge limits by helping others redefine their possibilities.</p> <p>Some of the principles upheld by spiritual leaders include know your self, act with integrity, respect and honour the beliefs of others, be as trusting as you can be and maintain a spiritual practice.</p> <p>New levels of thinking, feeling and action are needed to overcome unusual problems. Thinking and doing the unthinkable is at the heart of spiritual leadership (Tan, 2006).</p>	<ul style="list-style-type: none"> Intuitively appealing: leaders are a special kind of people who do extraordinary things. It is supported by a century's research data to back it up. The leader component is highlighted in the leadership process. It provides a benchmark for what we need to look for in leaders. <p>Underlying assumption: Specific universal leadership principles are present in leaders at all levels in organisations that go beyond conscious reasoning. It is based on the credo that: "No problem can be solved from the same consciousness that created it. We must learn to see the world anew" (Albert Einstein).</p>	<ul style="list-style-type: none"> The lists of traits appear endless, which can lead to uncertainty and ambiguity. The trait approach fails to consider situations. This approach has resulted in highly subjective determinations of the 'most important' leadership traits. It does not state how traits affect group members and their outcomes. It is not a useful approach for training and developing leaders in organisation.

<p>Bergh et al, 1999; Kekäle, 2005; Middlehurst, 1993; Robbins, 2001; Tucker, 1984</p>	<p>STYLE THEORIES:</p> <ul style="list-style-type: none"> ● Ohio state studies ● University of Michigan studies ● Blake and Mouton's managerial grid ● Scandinavian studies ● Functional or action – centred leadership ● Directive-supportive leadership model 	<p>The focus of this is on the behaviour of the leader (what leaders do and not what they are.) The following principles apply:</p> <ul style="list-style-type: none"> ● Leadership is linked to certain behaviours and styles. Initiating structure and consideration for people are emphasised. ● Relationships between leadership behaviours and group performance are acknowledged. ● Leadership concepts such as employee oriented (supportive) and production orientated (directive) behaviours and styles are highlighted on grids. ● Scandinavian researchers, to make provision for the dynamic environment leaders have to operate in, added an additional development – oriented axis. ● Middlehurst, (1993) defines nine behaviours of an effective leader (setting objectives, briefing, planning, controlling, informing, supporting, reviewing and setting an example). <p><i>Underlying assumption: Preferred leadership, defined as certain behaviours, can be taught.</i></p>	<ul style="list-style-type: none"> ● It broadens the understanding of leadership as it focuses on what leaders do and how they act in certain situations. ● A wide range of studies validates and gives credibility to the basic principles of the approach. ● Any leadership style consists of two basic core components: task and relationship. ● It provides a broad conceptual map from which leaders can assess and determine how they want to change and improve their leadership style. ● Training and development practitioners, who teach leaders how to improve their effectiveness, often employ this model. 	<ul style="list-style-type: none"> ● This approach does not consistently indicate how leaders' styles are associated with specific performance outcomes (e.g. morale, job satisfaction and productivity). It only highlights that considerate leaders have followers that are more satisfied. ● It fails to identify a universal leadership style that is effective in almost every situation. ● It implies that the high task and high relationship style is the most effective style, whilst that may not be the case in all situations (e.g. emergencies).
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<p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 2001; Robbins, 2001.</p>	<p>SITUATIONAL THEORY:</p> <p>Hersey and Blanchard's situational theory.</p>	<p><i>Hersey and Blanchard's situational theory, which focuses on followers' competence and commitment. The essence of the theory is that leaders have to adapt their leadership styles to the development level of subordinates.</i></p> <p><i>Underlying assumption: Leadership behaviours suitable to the situation can be identified and taught.</i></p>	<ul style="list-style-type: none"> ● The Hersey and Blanchard model has been a factor in training programmes in over 400 of the Fortune 500 companies. ● Situational leadership theories are easy to understand, intuitively sensible and easily applied in a variety of organisational settings. ● These theories can be seen as prescriptive since they highlight what leaders should and should not do, in certain situations. ● Situational leadership theories highlight the concept of leader flexibility. 	<ul style="list-style-type: none"> ● There is a lack of a strong body of research on situational leadership. As a result the theoretical basis of the approach is questioned. ● The conceptualisation of the two key concepts, competence and commitment is ambiguous. ● It does not address the issue of one-to-one versus group leadership. ● The questionnaires used to determine leaders styles, are biased in favour of situational leadership.
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<p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 1991; Robbins, 2001</p>	<p>CONTINGENCY THEORY:</p> <ul style="list-style-type: none"> ● Fiedler's model; ● Cognitive resource theory; ● Leader participation theory. 	<p>Contingency theories match leaders with specific situations. Effective leadership is contingent on matching a leader's style to specific situational variables.</p> <p><i>Fiedler's model:</i> Leadership <i>styles</i> are described as task motivated or relationship motivated.</p> <p>Group effectiveness depends on the match between the leader's styles of interaction with his/her subordinates. The degree to which the factors in the situation, (leader-member relations, task structure and positional power match), gives control and influence to the leader.</p> <p><i>Cognitive resources theory:</i> Stress effects the situation unfavourably and experience can lessen the influence of stress on the leadership situation.</p> <p><i>Leader participation model:</i> A set of rules is provided to determine the form and amount of participative decision-making a leader could apply in different leadership situations.</p> <p><i>Underlying assumption: Effective leadership is a function of matching leadership styles with situations in a given organisational setting.</i></p>	<ul style="list-style-type: none"> ● The Contingency theory is supported by a great deal of empirical research. ● It broadens the understanding of leadership as it explains how the situation affects the leader. ● The Contingency theory helps to predict what is needed and therefore provides useful information on the type of leadership that will most likely be effective in a certain context. ● Contingency theories argue that leaders should not be expected to lead in every situation- leaders should be placed in situations that are ideal for their leadership style. ● Contingency theories provide useful information to organisations on where they should place leaders to best serve the interest of the organisation. 	<ul style="list-style-type: none"> ● It fails to explain fully why certain individuals with certain leadership styles are more effective in certain situations than in others. ● It is complex and cumbersome to use. ● Situations have to change to fit the leader's style, which does not advocate that leaders have to change their styles to fit the situation. ● It does not explain the relationship between leadership behaviour and motivation.
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<p>Northouse, 2001</p>	<p>PATH-GOAL THEORY:</p>	<p>The Path-goal theory is about how leaders motivate subordinates to accomplish designated goals. The aim of this leadership theory is to enhance employee performance and employee satisfaction by focusing on employee motivation.</p> <p>In this theory leaders have to find paths around obstacles by providing subordinates with the elements they need to achieve their goals. Leadership behaviours are categorised as being directive, supportive, participative and action orientated.</p> <p>Subordinates characteristics determine how a leader's behaviour will be interpreted in a given work context. Their need for affiliation, preference for structure, desire for control and self-perceived level of task ability are the factors that are considered.</p> <p>Subordinates will be motivated if they think they are capable of performing their work, if they believe their efforts will result in a certain outcome and if they believe that the payoffs for doing their work is worthwhile.</p> <p><i>Underlying assumption: Various leadership styles interact with the characteristics of subordinates and the work setting and that affect the motivation of subordinates.</i></p>	<ul style="list-style-type: none"> ● The path-goal leadership theory provides a useful framework for understanding how various leadership behaviours affect the satisfaction of sub-ordinates and their work performance. ● This theory attempts to integrate the motivation principles of the expectancy theory into a theory of leadership. ● It is practical as it demonstrates to leaders how to guide and coach subordinates on their path to achieve goals. 	<ul style="list-style-type: none"> ● It is a complex theory and interpreting the meaning of the theory can be confusing. ● Empirical studies could only partially support the theory's validity. ● The theory fails to explain adequately the relationship between leadership behaviour and work motivation. ● The theory treats leadership as a one-way event; leaders have to 'help' subordinates to achieve their goals. This can promote dependency on a leader, as the abilities of subordinates are not fully recognised in this theory.
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<p>Northouse, 2001.</p>	<p>LEADER-MEMBER EXCHANGE THEORY (LMX-THEORY):</p>	<p>The leader-member exchange theory is the first leadership theory that does not focus on the leader exclusively, but on the <i>dyadic relationship between leaders and followers</i>.</p> <p>The quality of exchange between leaders and followers is a function of in and out-group relations. When leaders and followers have good exchanges, they feel better, accomplish more and the organisation as a whole performs better.</p> <p><i>Underlying assumption: The quality of the dyadic relationship between the leader and the follower determines organisational outcomes.</i></p>	<ul style="list-style-type: none"> ● It is a strong, descriptive theory. ● It emphasises the dyadic relationship between leaders and followers. ● It highlights the importance of communication during the leadership process. ● The LMX theory is related to positive organisational outcomes. 	<ul style="list-style-type: none"> ● It can create the impression that leaders discriminate against the out-group. ● It fails to explain fully the way high-quality leader-member exchanges are formed.
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Northouse, 2001	<p>TEAM LEADERSHIP:</p>	<p>Because of structural changes in organisations, based on process flow, work teams seem to have more decision-making powers and responsibility than in traditional bureaucratic systems. This approach attempts to explain the role of the leader in leading empowered teams.</p> <p>A team in this model consists of members who are interdependent, who share common goals and who must coordinate their activities to accomplish goals.</p> <p>The characteristics for team excellence in this school of thought is proposed as being:</p> <ul style="list-style-type: none"> ● Clear, elevating goals, ● A results-driven structure, ● Competent team members, ● Unified commitment, ● Collaborative climate, ● Standards of excellence, ● Principled leadership, and ● External support. <p><i>Underlying assumption:</i> Leadership behaviour is seen as team-based problem solving in which the leaders attempts to achieve team goals by analysing the internal and external environments and then selecting the appropriate behaviours to ensure team effectiveness.</p>	<ul style="list-style-type: none"> ● The model places the work team and its leadership in an environmental context. ● The model provides a complex and cognitive guide to team leaders. ● The model takes into account the changing role of leaders and followers in organisation. ● This approach can assist in selecting team members. 	<ul style="list-style-type: none"> ● The model has not been empirically tested. ● The model is complex and it does not provide easy answers to difficult decisions. ● It is difficult to teach.
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<p>Birnbaum, 1988; Kekäle, 2005; Middlehurst, 1993; Tucker, 1992</p>	<p>POWER AND INFLUENCE LEADERSHIP THEORIES:</p> <ul style="list-style-type: none"> • Social power approaches; • Social exchange theories. 	<p>The use of power, influence and authority determine leadership effectiveness. The source and amount of power available to leaders and the way in which leaders influence followers through unilateral or reciprocal interactions, are highlighted.</p> <p><i>Social power approaches.</i> Leaders can influence followers through legitimate, reward, coercive, expert, referent and political power.</p> <p>Leadership can be viewed as a particular type of social influence that assumes a one-way interaction from the leader to the followers.</p> <p><i>Social exchange theories.</i> This theory postulates that there is a reciprocal relationship between leaders and followers based on the exchange of valued things. An example: leaders provide (e.g. resources) to groups in exchange for their approval. Leaders are as dependent on followers as followers are on leaders.</p> <p>The effectiveness of a leader depends on fulfilling the expectations of followers. Leaders accumulate power to the extent that they produce the expected reward and fairly distribute it and loose power to the extent that they do not.</p> <p><i>Underlying assumption: Leadership is concerned with the use of power, influence and authority.</i></p>		
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<p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 2001; Robbins, 2001.</p>	<p>NEO-CHARISMATIC LEADERSHIP THEORIES INCLUDE:</p> <ul style="list-style-type: none"> • Charismatic leadership • Transformational leadership • Visionary leadership 	<p>These theories describe how leaders can initiate, develop and carry out significant changes in organisations. Symbolism, emotional appeal and extraordinary follower commitment are highlighted.</p> <p><i>Charismatic leadership</i>. This can be described as the capacity of leaders to do extraordinary things. The theory refers to <i>personality characteristics</i> such as being dominant, having a desire to influence, being confident and demonstrating strong values. <i>Behaviours</i> such as being a strong role model, showing competence, articulating goals, communicating high expectations, expressing confidence and arousing motives are highlighted.</p> <p>Charismatic leadership can affect followers in several ways, e.g.: trust in the leader's ideology, unquestioning acceptance, affection towards the leader, obedience, and identification with the leader, emotional involvement, heightened goals and increased confidence.</p> <p><i>Transformational leadership</i>. Transformational leaders motivate followers to do more than expected, by:</p> <ul style="list-style-type: none"> • Raising follower's levels of consciousness about the importance and value of specific and ideal goals; • Getting followers to transcend their own self-interest for the sake of the team or the organisation; • Motivating followers to address higher-level needs; <p>Idealised influence, inspirational motivation, intellectual stimulation and individualised consideration have been identified as transformational leadership factors.</p> <p>The differences between transformational and transactional leaders are portrayed as follows:</p>	<ul style="list-style-type: none"> • Transformational leadership theories are well researched. • Transformational leadership theories are intuitively appealing. • Leadership is treated as a process between leaders and followers. • Transformational leadership includes the development needs of followers. • Transformational leadership places a strong emphasis on follower's needs, values and morals. <hr/> <ul style="list-style-type: none"> • <i>Transformational leadership</i>: charisma, inspiration, intellectual stimulation and individualised consideration are typical characteristics. • <i>Transactional leadership</i>: contingent reward, management by exception (active and passive) and Laissez-Faire actions are typical. They are usually the leaders who guide their followers in the direction of established goals, roles and task requirements. <p><i>Visionary leadership</i>: the leadership ability to create and articulate a realistic, credible and attractive vision that will help improve the current situation.</p> <p><i>Underlying assumption: Followers make heroic/extraordinary contributions when they observe inspirational leadership behaviours.</i></p>	<ul style="list-style-type: none"> • The theories lack conceptual clarity. It covers such a broad range of issues that it is difficult to define specific parameters. • It is often interpreted too simplistically as either- or- approach, and not as a matter of degree. • Leadership is treated as a personality trait. It is therefore difficult to train leaders to become transformational leaders. • It is considered elitist and anti-democratic as the transformational leader is seen as the one creating the vision on behalf of the team or organisation. • Qualitative data was collected from leaders who were serving in positions at the top of their organisations. The theories described leadership <i>of</i> organisation and not leadership <i>in</i> organisations. • These theories have the potential to be abused.
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Authors	Theme		Strengths (Northouse, 2001)	Weaknesses (Northouse, 2001)
<p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 2001; Kekäle, 2005; Robbins, 2001</p>	<p>THEORIES: TRAIT THEORIES:</p> <ul style="list-style-type: none"> Ethical leadership; Chaos/complexity leadership theory; Spiritual leadership (transcendental leadership) <p>Leadership is concerned with the personal qualities and traits (the <i>Great Man</i> theory). Ambition and energy, the desire to teach, honesty and integrity, self-confidence, intelligence, sociability, determination, and leadership self-identification are likely to be important leadership qualities. These personal qualities include the traits guarantees leadership success.</p> <p>Underlying assumption: Leadership is basically a contribution-based exchange</p>	<p>manifesting honesty and showing justice.</p> <p>The <i>chaos/complexity</i> leadership theory postulates that leaders are important to the extent they help personal qualities and traits (the <i>Great Man</i> theory). Ambition and energy, the desire to teach, honesty and integrity, self-confidence, intelligence, sociability, determination, and leadership self-identification are likely to be important leadership qualities. These personal qualities include the traits guarantees leadership success. The chaos theory rejects the Newtonian views (linear relationships between actions and reactions) on leadership.</p> <p><i>Spiritual leadership</i> is rooted in the idea that human beings are "spiritual beings", concerned with the meaning of life. Leadership is described as a contribution-based exchange relationship (Sanders, 2003). The spiritual leader is the leader who is concerned with his or her followers and tries to contribute to their personal development.</p> <p><i>Transcendental leadership</i> is about going beyond the defined limits of human knowledge, experience or reason to turn adversity into advantage. Transcendental leaders are those who can challenge limits by helping others redefine their possibilities.</p> <p>Some of the principles upheld by spiritual leaders include know your self, act with integrity, respect and honour the beliefs of others, be as trusting as you can be and maintain a spiritual practice.</p> <p>New levels of thinking, feeling and action are needed to overcome unusual problems. Thinking and doing the unthinkable is at the heart of spiritual leadership (Tan, 2006).</p>	<ul style="list-style-type: none"> Intuitively appealing: leaders are a special kind of people who do extraordinary things. It is supported by a century's research data to back it up. The leader component is highlighted in the leadership process. It provides a benchmark for what we need to look for in leaders. <p>Underlying assumption: Specific universal leadership principles are present in leaders at all levels in organisations that go beyond conscious reasoning. It is based on the credo that: "No problem can be solved from the same consciousness that created it. We must learn to see the world anew" (Albert Einstein).</p>	<ul style="list-style-type: none"> The lists of traits appear endless, which can lead to uncertainty and ambiguity. The trait approach fails to consider situations. This approach has resulted in highly subjective determinations of the 'most important' leadership traits. It does not state how traits affect group members and their outcomes. It is not a useful approach for training and developing leaders in organisation.

<p>Bergh et al, 1999; Kekäle, 2005; Middlehurst, 1993; Robbins, 2001; Tucker, 1984</p>	<p>STYLE THEORIES:</p> <ul style="list-style-type: none"> ● Ohio state studies ● University of Michigan studies ● Blake and Mouton's managerial grid ● Scandinavian studies ● Functional or action – centred leadership ● Directive-supportive leadership model 	<p>The focus of this is on the behaviour of the leader (what leaders do and not what they are.) The following principles apply:</p> <ul style="list-style-type: none"> ● Leadership is linked to certain behaviours and styles. Initiating structure and consideration for people are emphasised. ● Relationships between leadership behaviours and group performance are acknowledged. ● Leadership concepts such as employee oriented (supportive) and production orientated (directive) behaviours and styles are highlighted on grids. ● Scandinavian researchers, to make provision for the dynamic environment leaders have to operate in, added an additional development – oriented axis. ● Middlehurst, (1993) defines nine behaviours of an effective leader (setting objectives, briefing, planning, controlling, informing, supporting, reviewing and setting an example). <p><i>Underlying assumption: Preferred leadership, defined as certain behaviours, can be taught.</i></p>	<ul style="list-style-type: none"> ● It broadens the understanding of leadership as it focuses on what leaders do and how they act in certain situations. ● A wide range of studies validates and gives credibility to the basic principles of the approach. ● Any leadership style consists of two basic core components: task and relationship. ● It provides a broad conceptual map from which leaders can assess and determine how they want to change and improve their leadership style. ● Training and development practitioners, who teach leaders how to improve their effectiveness, often employ this model. 	<ul style="list-style-type: none"> ● This approach does not consistently indicate how leaders' styles are associated with specific performance outcomes (e.g. morale, job satisfaction and productivity). It only highlights that considerate leaders have followers that are more satisfied. ● It fails to identify a universal leadership style that is effective in almost every situation. ● It implies that the high task and high relationship style is the most effective style, whilst that may not be the case in all situations (e.g. emergencies).
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<p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 2001; Robbins, 2001.</p>	<p>SITUATIONAL THEORY:</p> <p>Hersey and Blanchard's situational theory.</p>	<p><i>Hersey and Blanchard's situational theory, which focuses on followers' competence and commitment. The essence of the theory is that leaders have to adapt their leadership styles to the development level of subordinates.</i></p> <p><i>Underlying assumption: Leadership behaviours suitable to the situation can be identified and taught.</i></p>	<ul style="list-style-type: none"> ● The Hersey and Blanchard model has been a factor in training programmes in over 400 of the Fortune 500 companies. ● Situational leadership theories are easy to understand, intuitively sensible and easily applied in a variety of organisational settings. ● These theories can be seen as prescriptive since they highlight what leaders should and should not do, in certain situations. ● Situational leadership theories highlight the concept of leader flexibility. 	<ul style="list-style-type: none"> ● There is a lack of a strong body of research on situational leadership. As a result the theoretical basis of the approach is questioned. ● The conceptualisation of the two key concepts, competence and commitment is ambiguous. ● It does not address the issue of one-to-one versus group leadership. ● The questionnaires used to determine leaders styles, are biased in favour of situational leadership.
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<p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 1991; Robbins, 2001</p>	<p>CONTINGENCY THEORY:</p> <ul style="list-style-type: none"> ● Fiedler's model; ● Cognitive resource theory; ● Leader participation theory. 	<p>Contingency theories match leaders with specific situations. Effective leadership is contingent on matching a leader's style to specific situational variables.</p> <p><i>Fiedler's model:</i> Leadership <i>styles</i> are described as task motivated or relationship motivated.</p> <p>Group effectiveness depends on the match between the leader's styles of interaction with his/her subordinates. The degree to which the factors in the situation, (leader-member relations, task structure and positional power match), gives control and influence to the leader.</p> <p><i>Cognitive resources theory:</i> Stress effects the situation unfavourably and experience can lessen the influence of stress on the leadership situation.</p> <p><i>Leader participation model:</i> A set of rules is provided to determine the form and amount of participative decision-making a leader could apply in different leadership situations.</p> <p><i>Underlying assumption: Effective leadership is a function of matching leadership styles with situations in a given organisational setting.</i></p>	<ul style="list-style-type: none"> ● The Contingency theory is supported by a great deal of empirical research. ● It broadens the understanding of leadership as it explains how the situation affects the leader. ● The Contingency theory helps to predict what is needed and therefore provides useful information on the type of leadership that will most likely be effective in a certain context. ● Contingency theories argue that leaders should not be expected to lead in every situation- leaders should be placed in situations that are ideal for their leadership style. ● Contingency theories provide useful information to organisations on where they should place leaders to best serve the interest of the organisation. 	<ul style="list-style-type: none"> ● It fails to explain fully why certain individuals with certain leadership styles are more effective in certain situations than in others. ● It is complex and cumbersome to use. ● Situations have to change to fit the leader's style, which does not advocate that leaders have to change their styles to fit the situation. ● It does not explain the relationship between leadership behaviour and motivation.
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<p>Northouse, 2001</p>	<p>PATH-GOAL THEORY:</p>	<p>The Path-goal theory is about how leaders motivate subordinates to accomplish designated goals. The aim of this leadership theory is to enhance employee performance and employee satisfaction by focusing on employee motivation.</p> <p>In this theory leaders have to find paths around obstacles by providing subordinates with the elements they need to achieve their goals. Leadership behaviours are categorised as being directive, supportive, participative and action orientated.</p> <p>Subordinates characteristics determine how a leader's behaviour will be interpreted in a given work context. Their need for affiliation, preference for structure, desire for control and self-perceived level of task ability are the factors that are considered.</p> <p>Subordinates will be motivated if they think they are capable of performing their work, if they believe their efforts will result in a certain outcome and if they believe that the payoffs for doing their work is worthwhile.</p> <p><i>Underlying assumption: Various leadership styles interact with the characteristics of subordinates and the work setting and that affect the motivation of subordinates.</i></p>	<ul style="list-style-type: none"> ● The path-goal leadership theory provides a useful framework for understanding how various leadership behaviours affect the satisfaction of sub-ordinates and their work performance. ● This theory attempts to integrate the motivation principles of the expectancy theory into a theory of leadership. ● It is practical as it demonstrates to leaders how to guide and coach subordinates on their path to achieve goals. 	<ul style="list-style-type: none"> ● It is a complex theory and interpreting the meaning of the theory can be confusing. ● Empirical studies could only partially support the theory's validity. ● The theory fails to explain adequately the relationship between leadership behaviour and work motivation. ● The theory treats leadership as a one-way event; leaders have to 'help' subordinates to achieve their goals. This can promote dependency on a leader, as the abilities of subordinates are not fully recognised in this theory.
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<p>Northouse, 2001.</p>	<p>LEADER-MEMBER EXCHANGE THEORY (LMX-THEORY):</p>	<p>The leader-member exchange theory is the first leadership theory that does not focus on the leader exclusively, but on the <i>dyadic relationship between leaders and followers</i>.</p> <p>The quality of exchange between leaders and followers is a function of in and out-group relations. When leaders and followers have good exchanges, they feel better, accomplish more and the organisation as a whole performs better.</p> <p><i>Underlying assumption: The quality of the dyadic relationship between the leader and the follower determines organisational outcomes.</i></p>	<ul style="list-style-type: none"> ● It is a strong, descriptive theory. ● It emphasises the dyadic relationship between leaders and followers. ● It highlights the importance of communication during the leadership process. ● The LMX theory is related to positive organisational outcomes. 	<ul style="list-style-type: none"> ● It can create the impression that leaders discriminate against the out-group. ● It fails to explain fully the way high-quality leader-member exchanges are formed.
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Northouse, 2001	<p>TEAM LEADERSHIP:</p>	<p>Because of structural changes in organisations, based on process flow, work teams seem to have more decision-making powers and responsibility than in traditional bureaucratic systems. This approach attempts to explain the role of the leader in leading empowered teams.</p> <p>A team in this model consists of members who are interdependent, who share common goals and who must coordinate their activities to accomplish goals.</p> <p>The characteristics for team excellence in this school of thought is proposed as being:</p> <ul style="list-style-type: none"> ● Clear, elevating goals, ● A results-driven structure, ● Competent team members, ● Unified commitment, ● Collaborative climate, ● Standards of excellence, ● Principled leadership, and ● External support. <p><i>Underlying assumption:</i> Leadership behaviour is seen as team-based problem solving in which the leaders attempts to achieve team goals by analysing the internal and external environments and then selecting the appropriate behaviours to ensure team effectiveness.</p>	<ul style="list-style-type: none"> ● The model places the work team and its leadership in an environmental context. ● The model provides a complex and cognitive guide to team leaders. ● The model takes into account the changing role of leaders and followers in organisation. ● This approach can assist in selecting team members. 	<ul style="list-style-type: none"> ● The model has not been empirically tested. ● The model is complex and it does not provide easy answers to difficult decisions. ● It is difficult to teach.
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<p>Birnbaum, 1988; Kekäle, 2005; Middlehurst, 1993; Tucker, 1992</p>	<p>POWER AND INFLUENCE LEADERSHIP THEORIES:</p> <ul style="list-style-type: none"> • Social power approaches; • Social exchange theories. 	<p>The use of power, influence and authority determine leadership effectiveness. The source and amount of power available to leaders and the way in which leaders influence followers through unilateral or reciprocal interactions, are highlighted.</p> <p><i>Social power approaches.</i> Leaders can influence followers through legitimate, reward, coercive, expert, referent and political power.</p> <p>Leadership can be viewed as a particular type of social influence that assumes a one-way interaction from the leader to the followers.</p> <p><i>Social exchange theories.</i> This theory postulates that there is a reciprocal relationship between leaders and followers based on the exchange of valued things. An example: leaders provide (e.g. resources) to groups in exchange for their approval. Leaders are as dependent on followers as followers are on leaders.</p> <p>The effectiveness of a leader depends on fulfilling the expectations of followers. Leaders accumulate power to the extent that they produce the expected reward and fairly distribute it and loose power to the extent that they do not.</p> <p><i>Underlying assumption: Leadership is concerned with the use of power, influence and authority.</i></p>		
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<p>Bergh et al, 1999; Middlehurst, 1993; Northouse, 2001; Robbins, 2001.</p>	<p>NEO-CHARISMATIC LEADERSHIP THEORIES INCLUDE:</p> <ul style="list-style-type: none"> • Charismatic leadership • Transformational leadership • Visionary leadership 	<p>These theories describe how leaders can initiate, develop and carry out significant changes in organisations. Symbolism, emotional appeal and extraordinary follower commitment are highlighted.</p> <p><i>Charismatic leadership</i>. This can be described as the capacity of leaders to do extraordinary things. The theory refers to <i>personality characteristics</i> such as being dominant, having a desire to influence, being confident and demonstrating strong values. <i>Behaviours</i> such as being a strong role model, showing competence, articulating goals, communicating high expectations, expressing confidence and arousing motives are highlighted.</p> <p>Charismatic leadership can affect followers in several ways, e.g.: trust in the leader's ideology, unquestioning acceptance, affection towards the leader, obedience, and identification with the leader, emotional involvement, heightened goals and increased confidence.</p> <p><i>Transformational leadership</i>. Transformational leaders motivate followers to do more than expected, by:</p> <ul style="list-style-type: none"> • Raising follower's levels of consciousness about the importance and value of specific and ideal goals; • Getting followers to transcend their own self-interest for the sake of the team or the organisation; • Motivating followers to address higher-level needs; <p>Idealised influence, inspirational motivation, intellectual stimulation and individualised consideration have been identified as transformational leadership factors.</p> <p>The differences between transformational and transactional leaders are portrayed as follows:</p>	<ul style="list-style-type: none"> • Transformational leadership theories are well researched. • Transformational leadership theories are intuitively appealing. • Leadership is treated as a process between leaders and followers. • Transformational leadership includes the development needs of followers. • Transformational leadership places a strong emphasis on follower's needs, values and morals. <hr/> <ul style="list-style-type: none"> • <i>Transformational leadership</i>: charisma, inspiration, intellectual stimulation and individualised consideration are typical characteristics. • <i>Transactional leadership</i>: contingent reward, management by exception (active and passive) and Laissez-Faire actions are typical. They are usually the leaders who guide their followers in the direction of established goals, roles and task requirements. <p><i>Visionary leadership</i>: the leadership ability to create and articulate a realistic, credible and attractive vision that will help improve the current situation.</p> <p><i>Underlying assumption: Followers make heroic/extraordinary contributions when they observe inspirational leadership behaviours.</i></p>	<ul style="list-style-type: none"> • The theories lack conceptual clarity. It covers such a broad range of issues that it is difficult to define specific parameters. • It is often interpreted too simplistically as either- or- approach, and not as a matter of degree. • Leadership is treated as a personality trait. It is therefore difficult to train leaders to become transformational leaders. • It is considered elitist and anti-democratic as the transformational leader is seen as the one creating the vision on behalf of the team or organisation. • Qualitative data was collected from leaders who were serving in positions at the top of their organisations. The theories described leadership <i>of</i> organisation and not leadership <i>in</i> organisations. • These theories have the potential to be abused.
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<p>Sanders, Hopkins & Geroy, 2003</p>	<p>EMERGING ETHICAL/ SPIRITUAL LEADERSHIP THEORIES:</p> <ul style="list-style-type: none"> ● Ethical leadership; ● Chaos/complexity leadership; ● Spiritual leadership (transcendental leadership) 	<p>The principles of <i>ethical leadership</i> are respect for others, building communities, serving others, manifesting honesty and showing justice.</p> <p>The <i>chaos/complexity</i> leadership theory postulates that leaders are important to the extent they help other people to be important. Organisations are interacting networks and therefore not vertically hierarchical. Leadership is important at all levels and leaders must inspire and engage others to contribute. The chaos theory rejects the Newtonian views (linear relationships between actions and reactions) on leadership.</p> <p><i>Spiritual leadership</i> is rooted in the idea that human beings are "spiritual beings", concerned with the ultimate purpose and meaning of life. Leadership is described as a contribution-based exchange relationship (Sanders, 2003). The spiritual leader is the leader who is concerned with his or her followers and tries to contribute to their personal development.</p> <p><i>Transcendental leadership</i> is about going beyond the defined limits of human knowledge, experience or reason to turn adversity into advantage. Transcendental leaders are those who can challenge limits by helping others redefine their possibilities.</p> <p>Some of the principles upheld by spiritual leaders include know your self, act with integrity, respect and honour the beliefs of others, be as trusting as you can be and maintain a spiritual practice.</p> <p>New levels of thinking, feeling and action are needed to overcome unusual problems. Thinking and doing the unthinkable is at the heart of spiritual leadership (Tan, 2006).</p>	<ul style="list-style-type: none"> ● <p><i>Underlying assumption: Specific universal leadership principles are present in leaders at all levels in organisations that go beyond conscious reasoning. It is based on the credo that: "No problem can be solved from the same consciousness that created it. We must learn to see the world anew" (Albert Einstein).</i></p>	<ul style="list-style-type: none"> ●
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6.2 Drawing on the Existing Theories for Better Understanding of the Proposed Behaviours

This study is not in a process of comparing the newly identified behaviours with existing theories; but rather to **understand** how some of these leadership theories help the proposed behaviours for leadership in the start-up phase.

The following is a selection from the above-summarised theories.

6.2.1 Trait Theory

It appears as if only 10-15% of the population can be described as entrepreneurs. The percentage for entrepreneurial leaders is even less. Entrepreneurial leadership must therefore be seen as a trait – basically innate, although certain behaviours can be developed. Real entrepreneurial leaders cannot be copied (e.g. Anton Rupert, Sol Kerzner and Toyota's Wessels).

The theory provides a benchmark for selection, appointment and development of entrepreneurial leaders. The traits that support entrepreneurial leadership are unfortunately often emphasised in such a way that weaknesses are ignored. People cannot understand why these omnipotent people also sometimes fail – or that they sometimes land in situations where another kind of behaviour is required and then if they do not have a person to support them that they very often fail.

6.2.2 Style Theory

The theory helps us to realise that any form of leadership requires two main dimensions namely **initiating structure** and **consideration for people**. The entrepreneurial leader for example must be a good **visionary and problem solver** but also be able to motivate those who work with him. He must have a strong achievement orientation but must also be passionate about the development of people.

The theory is helpful in the sense that the **particular behaviours** for entrepreneurial leaders in both the **initiating structures** and consideration for people can be defined and taught.

These behaviours could look different for other types of leadership (e.g. situations). The theory helps us to assess entrepreneurial leadership by using many of the grids we find (e.g. Managerial Grid by Blake & Mouton, 1969). This is no doubt helpful for feedback and the development of leaders

6.2.3 Contingency Theory

Contingency Theories are a class of behavioural theory that contend that there is no one best way of organising or leading and that an organisational and leadership style that is effective in some situations may not be successful in others. In other words the optimal organisation and leadership style is contingent on various internal and external constraints that may include the size of the organisation, strategies, technologies used, differences between resources and operational activities, etc. Contingency Theory helps us to understand that the start-up phase of a business is a **specific situation**. Leadership styles have to be matched with this particular situation. The theory helps to take cognisance of three factors in a situation namely **task that has to be performed**, the **relationship with group members** and the **positional power** – and how these factors **match**. They can be seen as variables when a new business venture is started, i.e. the nature of the business initiative, the nature of the group (old, young, experienced, diverse, educated, BEE, etc) and formal power handed to the leader, informal power that has to be claimed or no power at the start.

There is no doubt that this structure is helpful when people are selected and appointed and when such an appointed leader and his group need to be supported (by the mother organisation).

6.2.4 Path-Goal Theory

The ability to motivate others is one of the behaviours that was specifically identified as a must-have characteristic of the leader that wants to successfully start a new organisation. The Path-Goal theory helps to find ways how the leader should motivate others.

The theory recognises the role of obstacles and how to find paths around these obstacles. Many known obstacles like problems around financing, product development and finalisation, product registration inline with regulations, roles and responsibilities if there are more than

one director or shareholders, corporate identity, point of risk assumption, failure of initial strategic plan, the need to change tactics, getting the products to the market, budgets, etc, exist in the start-up phase of a business

Path-Goal theory helps to define these obstacles and recommend the leadership behaviour for each of the obstacles (the path) in terms of directive behaviour, supportive behaviour, participative behaviour, action orientation behaviour. The theory also gives recognition to the characteristics of subordinates and how this would influence the leader's behaviour.

Indirectly the theory also recognises the point made around a vision for subordinates. Subordinates are more motivated if they think they are capable of performing the work, if they believe that their efforts will result in certain outcomes and the pay-offs are worthwhile. The theory helps us to understand the difference between a formal organisational setting and a group of volunteers where one become the informal leader. The theory does also underline that the entrepreneurial leader's behaviour is dependant on his subordinates. Path-Goal Theory will also be discussed further specifically as situational leadership.

6.2.5 Leader-Member Exchange Theory

Exchange Theory helps us recognise that the leader cannot be successful in a start-up venture alone. To talk about the leader and his subordinates is simplifying the situation. There is a dynamic relationship between the leader and its followers. By recognising the quality of exchange between the leader and subordinates, it is clear that vision, flexibility, problem-solving ability and achievement orientation is not enough. I believe the relationship (exchange) is the **catalyst** for the others to work well. If it is a high-quality exchange people also feel better, feel more motivated and this could even lay the foundations for the first growth stage after start-up or to put it differently, the quality of the exchange set the conditions to move into the first growth phase.

6.2.6 Team Leadership

This theory can only find application in formal settings, i.e. when a new autonomous structure is created as part of an existing company – and where teams are formally appointed, goals are

set and power of decision-making formally handed over. The team now becomes more of the focus, and leadership more a learning-based problem-solving experience.

In terms of the creativity and problem-solving dimension of the new model, it is helpful because it emphasises problem-solving through the team – by analysing the internal and the external environment. The weakness of this theory for leadership in the start-up phase is that the team orientation way overshadows the role of the leader about his role as visionary and self-motivator. Another possible weakness is the informal setting where an entrepreneur starts a new initiative, a team often does not exist – he has to build one from scratch, even if he has developed a team, the leader must often take some of the decisions one-sidedly (e.g. vision).

6.2.7 Power and Influence Leadership Theories

The theory is helpful in giving further explanation of the interaction between the leader and its followers. It recognises the reality of **power**, **influence** and **authority** in any business – even in the start-up phase. It also recognises that power and authority could be granted formally, but in many start-ups it has to be gained informally.

It recognises sources of power through which followers can be influenced (e.g. rewards) which determines the style of the leader. By implication, it also acknowledges the role of **influence** (as an ability of skill) versus **power** (which often comes through a position). Hence the difference in situation between the lone entrepreneur who starts a business (and has to rely on personal influence) and the person who is formally appointed to lead a new business venture – with formal powers of position

The theory acknowledges the exchange that takes place between the leader and followers and which informally leads to a kind of psychological contract between leader and follower based on the exchange of valued things (e.g. “I will guide you to this vision from which we all will benefit – and in exchange you will give me your energy, commitment, etc”).

6.3 A specific look at the Identified Behaviours against the Leading Situational Theories of Leadership

We have not discovered new leadership traits but rather a prioritising of the specific leadership traits that are applied in the start-up phase of a business. There are many theories that propose a change in behaviour in certain circumstances. We can state that there is relatively little in the literature about proposed leadership changes and behaviours in the start-up phase. It seems as if most theories are change management based and are largely applicable in existing businesses and organisations. Benefit of the doubt should however be applied. We will look here at the seemingly most appropriate theories and models and test their applicability to determine leadership behaviour during the start-up phase.

6.3.1 Background to Contingency and Situational Theories

The task of leading individuals and teams is complex and often requires an analysis of the leader, the group and the situation. The direct assumption is that managers or business leaders who are aware of the forces they face are able to modify their styles to cope with changes in the work environment. Tannenbaum & Schmidt in their classic “*How to Choose a Leadership Pattern*” (1973) argue that the following factors are of particular importance within the management of followers:

- Forces within the subordinates, and
- Forces in the situation (internal external and environmental factors)

Tannenbaum and Schmidt (1973, p.180) further state “the successful manager of men can be primarily characterised neither as a strong leader nor as a permissive one. Rather, he is one who maintains a high batting average in accurately assessing the forces that determine what his most appropriate behaviour at any given time should be and in actually being able to behave accordingly”.

As the importance of situational factors and leader assessment of forces became more recognised, leadership research became more systematic and contingency models of leadership began to appear in organisational behaviour and management literature. Each model has its advocates and each attempts to identify the leader behaviours most appropriate

for a series of leadership situations. In addition, each model attempts to identify the leader-situation patterns important to effective leadership.

As a matter of introduction to Situational Leadership Theories it is pertinent to reintroduce the notion of corporate life cycles. In his book "Corporate Life Cycles," (1988) Ichak Adizes illustrated the growth cycle of a business. His illustrations relate to the process all businesses must pass through and the issues that must be solved to attain profitability and sales growth. Adizes claims that these "predictable patterns" help founders and their managers to develop insight as to what problems need to be corrected first. These problems may be both operational and cultural - which is very normal during the growth side of the cycle. These "conflicts" are akin to a natural process - much like growing up. Management's ability to problem-solve and create new market opportunities differentiate successful from unsuccessful businesses. The ability to change a culture and rebuild a business requires a return to the "basics" or Adizes' *infant* and *go-go* stages, thus revitalising the entrepreneurial and essential sales efforts of the business. Any change towards *infancy* can be exhilarating, rewarding and at the same time be very difficult and painful as it causes members of the organisation to rethink their roles and skills. Corporate restructuring can sometimes be the result of this process. Given the above reference to corporate life cycles and the role management has to play in it, a critical assessment will be made of Situational Leadership Theories (SLT) as it is meant to help the manager do exactly that – change and adapt to the circumstances.

Although SLT was originally published by Hersey and Blanchard in 1969, the term "situational leadership" was only introduced in 1972. It was considered radical and ahead of its time as it emerged during a period of predominantly hierarchical, rigid and controlled management practices. The theory has come a long way since then but the choice of an appropriate leadership style has intrigued both academicians and practitioners. Although many prescriptive leadership models have been proposed, the Hersey and Blanchard's Situational Leadership Model (SLM) seems to stand out in terms of its popularity with practitioners. With this model came the expansion of the notion of relationship and task dimensions to leadership and added a readiness dimension. The Situational Leadership Model has become the "most widely accepted managerial philosophy in the United States, Canada, Mexico, Europe, Africa and the Far East" (University Associates 1986). It remains surprising that a model with so little research support has been adopted so widely by practitioners. That might, however, not all be surprising as the measurement of the impact of

leadership is very difficult and complex. The only possible way might still be the end or final result of the phase, the financial year or whatever point in time is selected.

Situational Leadership is thus a generic tool that can be utilised by all leaders as it caters for different types of leaders and followers while taking cognisance of both the individual and the situation that requires leadership intervention. In simple terms, a **situational leader is one who can adopt different leadership styles depending on the nature of the situation he is facing** (www.valuebasedmanagement.net, accessed on 25 October 2007).

The authors of Value Based Management claim that “Situational Theory is similar to Contingency Theory in that there is an assumption of no simple or one right way. The main difference is that situational theory tends to focus more on the behaviours that the leader should adopt given situational factors whereas contingency theory takes a broader view that includes contingent factors about leader capability and other variables in the situation” (www.valuebasedmanagement.net accessed 25 October 2005). It is important to note in which manner other SLT and Contingency models can be applied in the workplace. The important notions around Contingency Theories are that there is no universal or best way to manage, organisational design must fit the environment and its subsections and management are most effective when it is appropriate to the task and nature of the business. Fiedler was the first to do substantial work in this regard but his model (1967) is regarded as controversial even as far as SLT models in general are concerned. Fiedler’s view of leader behaviour centres on task- and relationship-oriented tendencies and how these interact with task and position power. This is very significant in our discussion here and was explained more in the path-goal approach (model) that emphasises the instrumental actions of leaders and the four styles for conducting these actions (directive, supportive, participative and being achievement oriented). The situational variables discussed in each approach differ somewhat plus there is a different view of *outcome* criteria for assessing how successful the leader behaviour has been – in our case getting the business successfully to repeat orders thus entering the growth phases after the critical start-up phase. To get back to Fiedler and his very important contribution, in summary he discusses leader effectiveness while the later path-goal approach focuses more on satisfaction and performance. For further reference, a comparative summary of the most relevant Situational Models of Leadership is given below. Note the slight difference in (required) Leadership Qualities. The work of Robert House and Hersey-Blanchard will be discussed in more depth later on.

	Fiedler's Contingency Model (1967)	Hersey-Blanchard Situational Leadership Theory (1969)	House's Path-Goal Model (1974)
Leadership Qualities	Leaders are task- or relationship orientated. The job should be engineered to fit the leader's style	Leaders must adapt style in terms of task and relationship behaviour on the basis of followers	Leaders can increase follower's effectiveness by applying proper motivational techniques
Assumption About Followers	Followers prefer different leadership styles depending on task structure, leader-member relations and position power	Followers maturity (readiness) to take responsibility and ability influences the leadership style that is adopted	Followers have different needs that must be fulfilled with the help of a leader
Leadership Effectiveness	Effectiveness of the leader is determined by the interaction between environment and personality traits	Effective leaders are able to adapt directing, coaching, supporting and delegating style to fit the followers' level of maturity	Effective leaders are those who clarify for followers the paths or behaviours that are best suited

6.3.2 Blanchard and Hersey's Situational Leadership Model

SLT was originally published by Hersey and Blanchard in 1969 and was further amended and adapted by its authors in 1982, 1988 and 1996. Initially discussing the life cycle of leadership, the theory explored the different dynamics of leading new, developing and experienced employees in the workplace. The conclusion is that Blanchard and Hersey's model set the tone for future understanding of what is seemingly the most appropriate for organisational and business turmoil associated with starting an organisation. There are no doubt shortcomings of the theory, it is easily criticised but it was the first to acknowledge that leaders in business must adapt style in terms of **task and relationship** behaviour with co-workers and subordinates.

The following is a more in-depth discussion of their model together with a broad analysis for its fundamental applicability in the start-up phase of an organisation. Blanchard and Hersey characterised leadership style in terms of the amount of direction and of support that the leader gives to his followers.

+	Supporting (S3)	Coaching (S2)
Supportive Behaviour	Delegating (S4)	Directing (S1)
-	Directive Behaviour	+

Four sets of management behaviour are outlined in the above diagram combining high and low supporting (listening, providing feedback & encouraging) with high and low directing task-related behaviours (demonstrating, instructing & monitoring). Chimaera Consulting (1999) explains further:

- Directing: - leaders define the roles and tasks of the 'follower' and supervise them closely. Decisions are made by the leader and announced. Communication is largely one-way
- Coaching: - leaders still define roles and tasks but seek ideas and suggestions from the follower. Decisions remain the leader's prerogative but communication is much more two-way
- Supporting: - leaders pass day-to-day decisions such as task allocation and processes to the follower. The leader facilitates and takes part in decisions but control is with the leader
- Delegating: - leaders are still involved in decisions and problem-solving but control is with the follower. The follower decides when and how the leader will be involved.¹

¹ Interesting and as a note of reference, Chimaera Consulting (1999) notes that Blanchard responded to some critics of the SLT by revising the original model in 1985 and renaming various terms. The four leadership styles are now called S1-Directing, S2-Coaching, S3-Supporting and S4-Delegating. Readiness is no longer called the “development level of followers”. The development level is defined in terms of the “follower’s current competence and commitment to the job”. The relationship between leader behaviour and follower developmental level is posited as curvilinear rather than linear, a relationship which Blanchard et al. (1985) term the “Performance Curve”.

The theory states that effective leaders and managers are versatile in being able to move around the grid according to the situation. There is, in other words, no single correct style, although leaders tend to have **preferred styles**. In applying the Situational Leadership Model, leaders must be aware of their **natural tendency** and the style they are **most comfortable with**. This might be the actual flaw in the theory. Without knowing what to look for and apply how to it, it might be very difficult for any business leader to adapt to the most appropriate style – even with the best intentions.

The theory and model continuously states that the effective Situational Leader provides individual followers with differing amounts of direction and support on different tasks and goals depending on the follower’s *developmental level*. Blanchard et al. (1993) in Avery & Ryan (2000), explain developmental level as the “*extent to which a person has mastered the skills necessary for the task at hand and has developed a positive attitude towards the task*”. *Competence* refers to knowledge and skills and *commitment* refers to the follower’s motivation and confidence on that task. The basic theory and model recommendation is that the manager’s style should adjust to corresponding changes in the follower’s competence and commitment.

Clearly the correct leadership style will depend very much on the person being led, i.e. the follower. Blanchard and Hersey extended their model to include the development level of the follower. According to the leader's style, it should be driven by the Competence and Commitment of the follower. Blanchard and Hersey came up with four levels of readiness (adapted from Chimaera Consulting, 1999):

D4	<i>High Competence High Commitment</i>	Experienced at the job and comfortable with his own ability to do it well. May even be more skilled than the leader.
D3	<i>High Competence Variable Commitment</i>	Experienced and capable but may lack the confidence to go it alone, or the motivation to do it well / quickly.
D2	<i>Some Competence Low Commitment</i>	May have some relevant skills but will not be able to do the job without help. The task or the situation may be new to him.
D1	<i>Low Competence Low Commitment</i>	Generally lacking the specific skills required for the job in hand, and lacks any confidence and / or motivation to tackle it.

It is important to note that that the original 1969 theory was called “Development” “Readiness” and defined as the “ability and willingness of the followers to take responsibility for directing their own behaviour”. Hersey and Blanchard (1996) point out that it is thus important to consider two types of readiness: *job and psychological*. “A person high in job readiness has the knowledge and abilities to perform the job without a manager structuring or directing the work. A person high in psychological readiness has the self-motivation and desire to do high quality work. This person has (theoretically) little need for direct supervision”.

Chimaera Consulting (1999) explains that the development levels are also situational. “A subordinate might be generally skilled, confident and motivated in his job but would still drop into Level D1 when faced with, say, a task requiring skills he does not possess.” For example, many managers are D4 when dealing with the day-to-day running of his department, but move to D1 or D2 when dealing with a sensitive employee issue. Blanchard and Hersey said that the Leadership Style (S1 - S4) of the leader must “correspond to the Development Level (D1 - D4) of the follower”, meaning that it is the leader who adapts. By adopting the right style to suit the follower's development level, work gets done, relationships are built up, and most importantly, the follower's development level will rise to “D4”, to everyone's benefit.

Chimaera consulting (1999) concludes that the Hersey-Blanchard Situational Leadership theory is thus based on the “amount of direction (task behaviour) and the amount of socio-emotional support (relationship behaviour) a leader must provide given the situation and the "level of maturity" of the followers. For explanation, task behaviour is the extent to which the leader engages in spelling out the duties and responsibilities to an individual or group. This behaviour includes telling people what to do, how to do it, when to do it, where to do it, and who has to do it. In task behaviour the leader engages in one-way communication. Relationship behaviour is the extent to which the leader engages in two-way or multi-way communications. This includes listening, facilitating, and supportive behaviours. In relationship behaviour the leader engages in two-way communication by providing socio-emotional support. Maturity is the willingness and ability of a person to take responsibility for directing his or her own behaviour. Employees tend to have varying degrees of maturity, depending on the specific task, function or objective that a leader is attempting to accomplish through their efforts”.

The idea and theory is no doubt elemental as much as it is fundamental but it seems short of practical application in that not all entrepreneurial leaders are versed in management science – they do however perform and it seems as if a combination of (character) traits are all that is in the leaders arsenal at the start-up point. The theory does however try to get practical stating that “to determine the appropriate leadership style to use in a given situation; the leader must first determine the maturity level of the follower in relation to the specific task that the leader is attempting to accomplish through the effort of the follower. As the level of the follower’s maturity increases, the leader should begin to reduce his or her task behaviour and increase relationship behaviour until the follower reaches a moderate level of maturity. As the follower begins to move into an above average level of maturity, the leader should decrease not only task behaviour but also relationship behaviour” (Bolden et al, 2003, p.10).

The Model shows that once the maturity level is identified, the appropriate leadership style can be determined. **The four leadership styles offered are telling, selling, participating, and delegating.** Chimaera consulting (1999) explains further: High task/low relationship behaviour (S1) is referred to as "telling." The leader provides clear instructions and specific direction. Telling style is best matched with a low follower readiness level. High task/high relationship behaviour (S2) is referred to as "selling." The leader encourages two-way communication and helps build confidence and motivation on the part of the employee, although the leader still has responsibility and controls decision-making. Selling style is best matched with a moderate follower readiness level. High relationship/low task behaviour (S3) is referred to as "participating." With this style, the leader and follower share decision-making and no longer need or expect the relationship to be directive. Participating style is best matched with a moderate follower readiness level. Low relationship / low task behaviour (S4) is labelled "delegating." Bolton et al (2003, p.10) explains that “delegating style is best matched with a high follower readiness level. This style is probably only appropriate for leaders whose followers are ready to accomplish a particular task, were the followers are competent and were the followers are motivated to take full responsibility”.

Ken Blanchard and Paul Hersey’s model for Situational Leadership allows for analysing the needs of the situation, which the manager is faced with, and then adopting the most appropriate leadership style. Furthermore SLT focuses on followers and their level of maturity. The theory argues (opportunistically) that a leader must properly judge or

intuitively know followers' maturity level and then apply the appropriate leadership style to complement. The model can be summarised as follows:

Degree of Follower's Readiness (Development Level) to Assume Personal Responsibility - Current Competence & Commitment -			
R1 / D1: <ul style="list-style-type: none"> • Unable or Low Competence • Unwilling or Low Commitment 	R2 / D2: <ul style="list-style-type: none"> • Unable or Some Competence • Willing or Low Commitment 	R3 / D3: <ul style="list-style-type: none"> • Able or High Competence • Unwilling or Variable Commitment 	R4 / D4: <ul style="list-style-type: none"> • Able or High Competence • Willing or High Commitment
↓	↓	↓	↓
S1 Telling / Directive Behaviour: Instructing and Supervising	S2 Selling / Coaching: Explaining and Clarifying	S3 Participating / Supporting: Sharing and Facilitating	S4 Delegating: Coaching and Assisting
Leadership Behaviour Appropriate to the Situation			

It is important to underline the Hersey-Blanchard Situational Leadership Theory's assumptions namely that Founder / Manager is empowered to make and implement certain tactical decisions that support the company's strategic plans. Also that the Manager's subordinates are work- (skills) ready as well as leadership- (psychological) ready and also are working in a self-regulating mode. Knowing what character traits we are looking for during the start-up phase it is easy to criticise the Hersey-Blanchard Situational Leadership Theory. The main criticisms in this regards would probably be the following:

- The model is not applicable in all phases and stages of organisational development
- The model allows very little for flat organisational structures such as in the start-up phase where communication is more freely and multi-directional between management and co-workers
- The model assumes that if subordinates are managed that the business will survive. The model over stresses the management side of business and underplays the leadership aspects – especially judged in a start-up venture.

6.3.3 Some Thoughts on Robert House’s Path-Goal Theory as an Extension to the Hersey-Blanchard Situational Leadership Theory

Robert House developed the Path-Goal Theory of Leadership in 1974 in the mould of situational leadership ideas that was prevalent at the time. It was still very manager-biased and the belief was that success will follow if subordinates could be encouraged and supported in achieving the goals they have been set by making the path that they should take clear and easy. In particular “leaders” would focus their management time on:

- Clarifying the path by being “directive or give vague hints” so subordinates know which way to go
- Removing roadblocks that are stopping them going there by “scouring the path or help the follower move the bigger blocks”
- Increasing the rewards along the route by “occasional encouragement or pave the way with gold”

Leaders can take a strong or limited approach in these. This “variation in approach will depend on the situation, including the follower's capability and motivation, as well as the difficulty of the job and other contextual factors”. House and Mitchell (1974) describe four styles of leadership (p.81-p98):

Supportive leadership	In supportive leadership the leader is friendly and approachable and shows concern for the followers' psychological well-being who's environment (task-structure, authority system and work group) is beyond its control thus showing concern for the followers' welfare and creating a friendly working environment. This includes increasing the follower's self-esteem and making the job more interesting. This approach is best when the work is stressful, boring or hazardous.
Directive leadership	In directive leadership the leader lets followers know what is expected of them and tells them how to perform their tasks. Followers are told what needs to be done and giving appropriate guidance along the way. This includes giving followers schedules of specific work to be done at specific times. Rewards may also be increased as needed and role ambiguity decreased (by telling followers what they should be doing). This increases the follower's sense of security and control and hence is appropriate to the situation. This may be used when the task is unstructured and complex and the follower is inexperienced. This style might also possibly be appropriate when the follower has an ambiguous job.

Participative leadership	Participative leadership involves consulting with followers and asking for their suggestions and considering their ideas before making a decision and taking particular actions. This approach is best when the followers are experts, their advice is both needed, and they expect to be able to give it. The reverse is also appropriate when the follower is using improper procedures or is making poor decisions or when the follower lacks confidence.
Achievement-oriented leadership	In achievement-oriented leadership, the leader sets challenging goals for followers, expects them to perform at their highest level and shows confidence in their ability to meet this expectation. Setting challenging goals are set both in work and in self-improvement (and often together). High standards are demonstrated and expected. The leader shows faith in the capabilities of the follower to succeed. This style is appropriate when the follower suffers from a lack of job challenge or when the task is complex.

Robert House qualifies leadership by implying that managers who show the way and help followers along a path are effectively “leading”. This approach assumes that there is one right way of achieving a goal and that the leader can see it and the follower cannot. This casts the leader as the knowing person and the follower as dependent. It also assumes that the follower is completely rational and that the appropriate methods can be deterministically selected depending on the situation. In the Path-Goal theory a leader's behaviour is acceptable to subordinates when viewed as a “source of satisfaction and motivational when need satisfaction is contingent on performance, the leader facilitates, coaches and rewards effective performance”.

Path-Goal theory thus assumes that leaders are flexible and that they can change their styles, as the situations require. According to Robert House (1974), the theory “proposes two contingency variables (environment and follower characteristics) that moderate the leader-behaviour-outcome-relationship”. The effective leader clarifies the path to help their followers achieve their goals and make the journey easier by reducing roadblocks and pitfalls. The theory assumes that employee performance and satisfaction are positively influenced when the leader compensates for the shortcomings in either the employee or the work setting”.

6.4 Constraints of Situational Leadership Theories

There are no doubt serious restrictions to the above, especially when it was tried to apply it to a new organisation where people do not know each other or at least not in their new roles. The Hersey and Blanchard Situational Leadership Theories and its extensions such as the

Path-Goal theory in a way failed to close the reality gap. The theories fail to move beyond their basic notion of being expectancy theories of motivation. Avery and Ryan (2001) state that Situational Leadership Theories are “based on the precepts of the goal setting theory and argues that *leaders* will have to engage in different types of leadership behaviour depending on the nature and demands of the particular situation”. They continue by saying underlining that it is the “leader's job to assist followers in attaining goals and to provide direction and support needed to ensure that their goals are compatible with that of the organisation”.

This weaknesses and limitations are also pointed out by Avery and Ryan (2001) in their study on the applicability of situational leadership in Australia. They observe that situational leadership was directly born from the “Life-cycle theory of leadership” which intended to assist parents in changing their “leadership” styles as children progressed through infancy, adolescence and adulthood. The same logic was followed when leadership was applied to managing new, developing and experienced employees. They concluded that SLT is no doubt innovative but “predominant in the command-and-control hierarchal management culture of the 1970s” - with its new emphasis on followers and on leaders using different styles depending on the situation. Hersey and Blanchard themselves acknowledge this shift in management thinking when they pointed out in 1996 that in today’s workplace leadership tends to be done with people rather than to people.

Other academic critics of situational leadership argue that SLT is “inconsistent, ambiguous, incomplete and somehow confusing in its application” (C. L. Graeff 1997). Avery et al. (2000) underline this point in a statement that the models display “conceptual differences in addition to their terminological differences”. Avery use the example that followers were assumed to be unmotivated by a new task and had to gain willingness as they began to develop in that task. To summarise, at the heart of the theory’s “controversy” are the assumptions that:

- leaders give clear instructions
- followers are ready to receive the instruction
- the direction of information between leader and followers is one-sided i.e. top to bottom only.

It is pointed out that the theories have limitations in its practicality and especially when measured over the development lifespan of the organisation. Leaders do not always give clear instructions and employees are not always ready to receive the instructions. Furthermore, sound decision-making processes typically involve a multi-directional flow of information both vertically and horizontally across the organisation. This is even more acute in a start-up organisation where the rules and structures are not yet defined or at least not in place yet - where everybody is multi-tasking and the only gelling factor is the leader.

6.5 Managerial South Africa: A Case for more Adaptive Leadership

It is assumed that Situational Leadership Theories are still adapting and in a sense are still defining the manner and timing in which the different models are applied; they must be relevant in this study. Then they can also theoretically be adapted to the local business climate where we know a huge need of successfully starting Small and Medium Enterprises exist and which are currently unfulfilled. The premises that a leader adapts its style and apply certain traits in certain conditions and circumstances are not only essential but also logical in today's business world. It is simply no longer enough to assume that a motivational approach, job design technique or performance review systems will have desirable results for all employees, management and the business per se, (especially during the start-up phases). If this notion of SLT is considered, the new business leader can be guided to use the essential behaviour as it is identified and weighted in the new model developed in this study thus building on SLT and the underlining adaptive premises of situational leadership will be proved.

To move the theory and the area of application closer to South Africa today is it important to know what industries the much-needed SME-type business development must happen in. BEE and SME development has up to now focussed on transformation and franchising (DTI, 2004). Very little has been done (as a net result) in new manufacturing. Given South Africa's position in Africa and the physical distances to its main trading partners, the economy will never reach its growth targets if there is not a balanced growth in service companies, manufacturing companies and trading companies. It is interesting to see where South Africa is in its economy development and per definition where it must still develop too. Here follows a basic analysis of the status quo:

The first point to consider is that very few South African organisations are truly global. There certainly are examples like Anglo-America and SABMiller and there are those that have always dealt internationally either by international consent or by sanction circumvention like the old Iscor, etc. A further point of interest is to know that Africa is becoming South Africa's biggest export market (DTI, 2004) and is proving an opportunity for South African manufactures to supply higher value products and to move away from the price sensitive products that South Africa traditionally had to supply on the world commodity markets. This should be the focus of SME manufacturing development as South Africa is perfectly positioned to service the 600 000 000 sub-Saharan population. An analysis of where most South African manufactures and trade organisations operate on the Adler and Ghandar table / scale will reveal that most operate between phase I and II, or the multi-domestic strategy approach. This is not necessarily incorrect and might mirror the current opportunities of expanding across the northern borders. Tactical or not, the organisational design also reflects this "early phase" position. The structures are thus limited in design and can easily stagnate or the business lost if entrepreneurial leadership does not naturally follow from this position.

Below is an adaptation of the Adler and Ghandar table (1989) and an indication of South Africa's developmental position:

Task	Phase I Domestic	Phase II International	Phase III Multinational	Phase IV Global
Primary Orientation	Product / Service	Market	Price	Strategy
Competitive Strategy	Domestic	Multi-domestic	Multinational	Global
Importance of Business World	Marginal	Important	Extremely Important	Dominant
Product / Service	New / Unique	More Standardised	Completely Standardised (Commodity)	Mass-customised
Technology	Propriety	Shared	Widely Shared	Instantly & Extensively Shared
R & D / Sales	High	Decreasing	Very Low	Very High
Profit Margin	High	Decreasing	Very Low	High yet immediately decreasing
Competitors	None	Few	Many	Significant (few or many)

Market	Small / Domestic	Large / Multi-domestic	Large / Multinational	Largest / Global
Production Location	Domestic	Domestic & Primary Markets	Multinational (Least Cost)	Global (Least Cost)
Exports	None	Growing (High Potential)	Large (Saturated)	Imports & Exports
Structure	Functional Divisions but Centralised	Functional with International Division but Decentralised	Multinational line of business but Centralised	Global Alliances but Coordinated & Decentralised
Cultural Sensitivity	Marginally Important	Very Important	Somewhat Important	Critically Important
- With Whom	No One	Clients	Employees	Employees & Clients
- Level	No One	Workers & Clients	Managers	Executives
- Strategic Assumption	“One (Best) Way”	“Many Good Ways”	“One Least-Cost Way”	“Many Good Ways” – Simultaneously

It is argued that South African organisations have not exceeded phase 2 because they are not adaptive enough in their nature, failing to be proactive and flexible enough to gain a sustainable position in the global business arena. This is probably underpinned by the perception that the majority of South Africans are not innovative and entrepreneurial. It is beyond the scope of this summary to speculate on how a country or a pollution or culture can become entrepreneurial. It is however known that the South African government through departments such as Science and Technology and Trade and Industry try to develop and support innovation and potential export. They are however hampered by their own design in that they fail to identify and develop the leadership behind these many great ideas. For as long as BEE legislation focuses on transformation and not new business, industry generation and creation, a culture of competitive entrepreneurship will not develop. The bulk of international buyers do not procure on political agendas, they source for best price and best quality and if it does not come from South Africa, it will come from the sub-continent, or Asia or elsewhere. A culture of adaptation should thus be stimulated at all levels of business and government for South Africa to stand its ground internationally. Charles Albano (2007), in his commentary on his work on Adaptive Leadership states, “Adaptation is a dynamic process of mutual influence where creatures act on their environments and their environments in turn act on them”. People are thus all engaged in co-

creation in their offices and in their families by “virtue of the influences they exert over each other”.

Albano (2007) states that time have changed and “mechanically-based leadership” and organisational practices are no longer adequate to deal with the “adaptive challenges” being faced by all organisations today. Mechanical aspects of organisation operation today is only applicable where actions need to be “repeated in a standardised way” such as long-line manufacturing. In all other aspects of the organisation the mechanical sphere of operations effect creativity and “threaten efficiency”. Machine-minded leadership will also treat people as being part of a machine, nothing more than “mindless extensions of impersonal processes”. Most importantly, Albano makes the point that when that happens “commitment, creativity and a great deal of latent potential will always remain desperately undeveloped”.

Adaptive leadership will thus affect its (business) environment. Leadership that adapts are per definition an active form of leadership and not a passive effort taken merely to adjust to circumstances. Albano recognises that “organisations are capable of intelligent, purposeful collective action” that can “influence their environments in desired directions” (www.selfgrowth.com accessed 06 October 2007). Organisations and business opportunities can learn, adapt and grow and we have seen that they too develop in “life cycles of birth, growth, maturity and eventual decline”. Albano writing on adaptive leadership provides an important link between the traits we have identified as being essential for leadership in the (start-up) organisation and the unproductive alternative. It also confirms that certain traits can be taught but if it is not acted upon leadership will default to a “mechanical” approach causing the new organisation (per our focus) to stagnate or fail. It is suggested that adaptive leadership approaches such as offered by Albano is used to provide a guide and to stimulate thinking towards a practical way to teach new entrepreneurs the identified traits and model. This model and comparisons will be explored a bit further here. The first reaction when comparing adaptive systems to mechanical systems in organisations is that organisations are no longer seen as “machines” but rather as “adaptive systems.” This impacts greatly on the leader as the approach shapes the role he or she has to play together with and to their co-workers. Adaptive systems thus give the leader the ability “to tap into human potential and

thus success.” Albano’s Adaptive view of organisations and leadership presents sharp contrasts along with a number of dimensions:

MECHANICAL	ADAPTIVE
Attention is focused on activities.	Attention is focused on value-added outcomes.
Job descriptions are long, detailed and constraining.	Job descriptions are intentionally broad-based to allow for flexibility .
Role expectations are narrow and rigid.	Roles are fluid. Within limits, people are expected to substitute for one another.
Contacts are confined and higher management channel communication exists.	Contacts are open and networks are encouraged to form.
Policies are mostly orientated toward control, what people cannot do.	Policies encourage people to take a "can do" mindset to find solutions .
The organisational structure is bureaucratic and fragmented into many departments.	The structures are more fluid and of shorter duration. Changes in design are aimed at enhancing flexibility and responsiveness .
Authority is based on rank, and it is expected that influence will equate with formal authority.	Authority is accorded a place, but reliance on it is played down. Greater influence is accorded to people who demonstrate ability to add value .
Efficiency and predictability are sought and reinforced.	Achievement, innovation and change are sought and rewarded.
Cooperation among departments is subject to a lot of formalisation and clearances. Turf guarding prevails.	Cooperation is a highly regarded value in the organisation and is far more easily gained.
Information is kept close hold.	Information is widely available to facilitate work accomplishment and permit more opportunities for more people to add value to operations.
Traditional values such as unit loyalty and obedience are fostered to the effect that they stifle initiative and hamper teamwork across departments.	Newer values such as cooperation and responsiveness along with treating other units as internal <i>customers</i> .

The above traits and characteristics associated with adaptive leadership clearly describe the sought-after entrepreneurial start-up leader. The situations also mirror the start-up business environment previously described. Whereas we can deduct that the typical outcomes of a “mechanically managed and structured organisation or department are counter-productive by modern standards”, we can also say that a mechanical or traditional top-down management approach will not work in a start-up organisation. Of course, there are examples of

mechanical-minded people who started successful businesses – the question just begs how much sooner or effective the business would be if a more adaptive approach were allowed.

It is easier to describe mechanical examples in existing business as but its restrictions are equally true for the manager that is tasked to start a new business unit. Albano (1993) points out that typically, people in “one department know little of the missions and contributions of the others and with that do not realise how important it is for them to be informed”. They only see the familiar world of their own work specialties. Since work is highly specialised and inter-departmental communication leaves much to be desired, tasks that need to be coordinated are not managed. Problems as well as opportunities go unnoticed. Blame is placed on others and conflict develops easily. Albano (1993) predicts that “teamwork is likely to be poor and that senior management sets up short-term cross-departmental committees and task forces to ameliorate matters”. However, since the leadership paradigm, the reward systems, and the organisation's structure all proceed from the mechanical mentality, little changes.

Large organisations are highly susceptible to this, particularly in South African manufacturing organisations. Although better in some instances, they are overrun by restrictive regulations, over-elaborated procedures and incredibly convoluted work processes. In short, they are slow and bureaucratic in their decision-making processes and mechanical in their approach to management. Obviously, there is a place for mechanical organisational management such as when the operating environment is stable and repetitive long-line contracts are being manufactured. The application probably stops there: with the much required SME business leader; when most working environments are volatile and changing rapidly, “chaos rules”. New technology to absorb, changing demographics, deregulation, global competition, ensuring competitiveness as a small fluid and adaptive organisations are all part of the real business world today. The only way to become more adaptive is to equip SME owners and management with additional leadership skills, show them the way so that they can operate successfully in South Africa's unique context of catching up with the world while operating out of Africa.

The modern start-up manager / leader has to be an “adaptive animal” that can think and act to exert tactical influence on his environment and to ensure that his organisation is competitively positioned by being proactive, foresees opportunities and put the resources in place to go after

them. Just how much risk the manager is “allowed” to take is normally a direct reflection of the trust an organisation places in that individual. Managers and new business owners are by new definition characters that strive to improve their personal openness to new ideas and stay abreast by being lifelong learners. These qualities are not new in leadership. What is new is the extraordinary pressures “strategic leaders face to assist and lead their organisations to adapt successfully at a time when the traditional (all too comfortable, Albano (2007)) models of leadership no longer work” and when the economy needs to create new entrepreneurs and successful SMEs at an ever increasing rate.

Chapter 7 Analysing the Fit

A need to give practical guidance and reference to any person that is interested to start a new organisation is clearly identified. Important lessons were learned from successful entrepreneurs and business leaders that have “made” it through the start-up phase. Existing (situational) leadership theories to review if any of the current models could be practically applied during the start-up phase were analysed. Albano (2007) taught us that the existing / traditional models are “all too comfortable” and that they work if measured against the quintessential adaptive type leadership that is required to start a new venture or organisation.

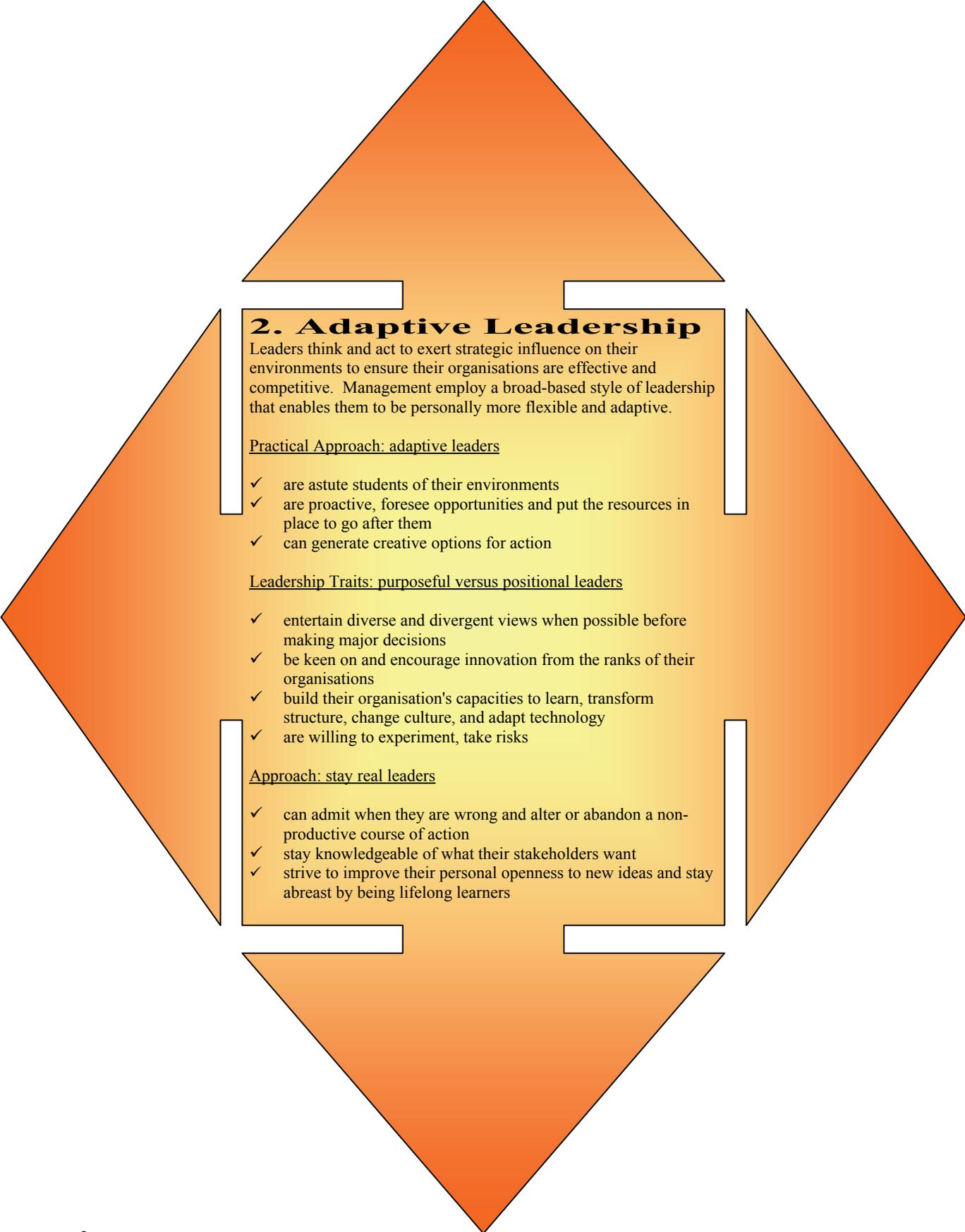
To summarise our process from SLTs to Adaptive Leadership to the Manager Turned Entrepreneur (MTE) Model:

1. Situational Leadership Theories

The acceptance that situations change and that different management styles must (mechanically) be applied in order to be effective. It acknowledges that leaders in business must adapt its management style with co-workers and subordinates in terms of task and relationship behaviour. Effective leaders thus:

- ✓ clarify the paths or behaviours that are best suited for followers
- ✓ are able to adapt directing, coaching, supporting and delegating style to fit the follower’s level of maturity
- ✓ is determined by the interaction between environment and personality traits

SLT’s set the tone for future understanding of what is seemingly the most appropriate for organisational and business turmoil associated with the starting an organisation.



2. Adaptive Leadership

Leaders think and act to exert strategic influence on their environments to ensure their organisations are effective and competitive. Management employ a broad-based style of leadership that enables them to be personally more flexible and adaptive.

Practical Approach: adaptive leaders

- ✓ are astute students of their environments
- ✓ are proactive, foresee opportunities and put the resources in place to go after them
- ✓ can generate creative options for action

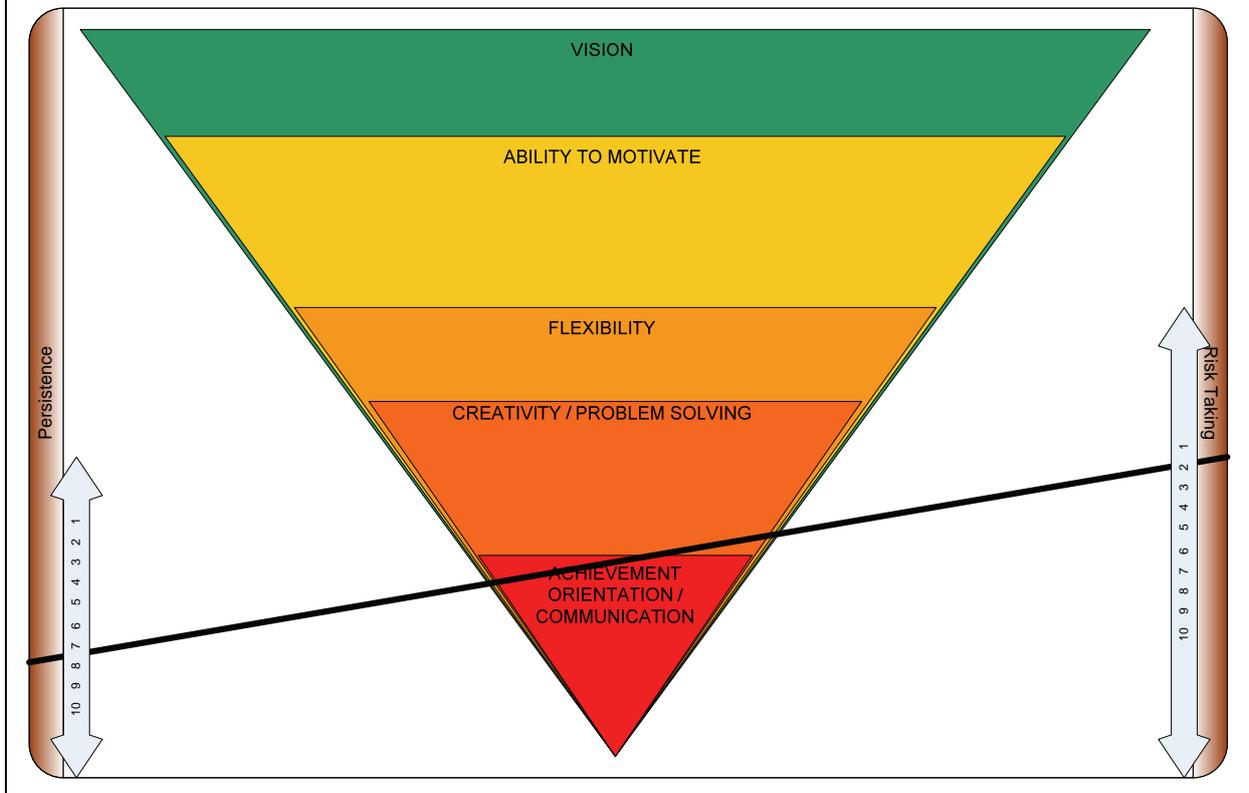
Leadership Traits: purposeful versus positional leaders

- ✓ entertain diverse and divergent views when possible before making major decisions
- ✓ be keen on and encourage innovation from the ranks of their organisations
- ✓ build their organisation's capacities to learn, transform structure, change culture, and adapt technology
- ✓ are willing to experiment, take risks

Approach: stay real leaders

- ✓ can admit when they are wrong and alter or abandon a non-productive course of action
- ✓ stay knowledgeable of what their stakeholders want
- ✓ strive to improve their personal openness to new ideas and stay abreast by being lifelong learners

3. Manager Turned Entrepreneur (MTE)



The MTE Model is not an extension of SLT's. It is rather a conclusion to one of the many potential situations an organisation can find it self in. SLT's acknowledge adaptive management and it would therefore also be true for the critical start-up phase – even though SLT's in its infancy mainly referred to existing structures and organisations. The identification of Mechanical Leadership underlined the shortcomings of SLT's in the start-up phase of an organisation where there is recognition that a more Adaptive Leadership style is essential for the new organisation to successfully end its first phase and start its growth phases. With this in mind an evaluation of the newly structured MTE Model is very positive as it shows the Manager Turned Entrepreneur where to prioritise its own leadership style. It is practical, and the conclusion is the new model has a need and place.

This study was started with a search for a specific set of behaviours that can be imitated and applied in all organisation start-up situations, i.e. essential behaviour. Research showed that **vision** remains the most important behavioural function of the leader in the entrepreneurial

situation of the start-up phase. Recent literature also gives full acknowledgement to vision as the most important *objective* in business; according to Ziglar (in Masterton, 2007) “vision is the one thing outstanding people have in common”. The other factors are also important and cannot be omitted. They all form part of the “tool kit”. Risk and persistence have been taken out of the model and used as environmental factors – they are always there but are situational and individual. Surely, certain refinements around its practical application need to be investigated further and might be the basis for further study but at the very least any new entrepreneur or person that starts a new organisation must know:

- There will always be risk. In a corporate environment it might be unfavourable exposure, in a small start-up it might be risking time and live-savings. Individual circumstances differ, hence the reason why Risk-taking per se is not in the model – it is however, an environmental factor and will always be there and will always play a role. As Adizes (1988) said, the business only starts when there is an assumption of risk by the stakeholders.
- Persistence is essential. This is where the leader becomes the champion of the project. This is taking bottom-line responsibility. Without persistence and clear responsibility the start-up will never get past the planning stages.
- **Vision, the ability to motivate, flexibility, creative problem solving and communication** are all part of adaptive leadership and all part of every start-up leadership toolkit. The model contribution is only to prioritise these traits. In other words and as example, it is no good for a start-up leader to only explain the vision of the organisation, the manager-leader should also communicate and motivate. On the other hand, it will also not work if flexibility and vision are in equal quantities – it is essential that new manager-leaders / MTE’s understand that vision is more important than say flexibility. Both are ingredients but they are not in equal measure. The MTE model provides the manager-leader with a measure on how to prioritise traits.

Chapter 8 Conclusions and Application in South Africa

Much has been written on the characteristics of the successful entrepreneur. Self-discipline and determination are (obvious) common traits but they are not necessarily essential whereas traits such as persistence (as opposed to laziness) are indispensable in the new organisational set-up. It is difficult to *teach* people personality traits, but not impossible - even where new business owners are typically cash and time poor and don't have the time or money to go on courses, they can and should still read. First prize will of course be when South Africa has a common vision to create a culture of entrepreneurship and business. It should start at school level where everyone should learn the basics of company administration such as VAT, UIF, COID, PAYE, employment conditions, registration methods, types of companies and of course leadership requirements. There can be no skipping of the basics and the route to eventual success starts by purposeful study – whatever the elected media might be.

Prominent businessmen have long touted “excellence” as the ultimate corporate objective (Masterton, 2007). It is no doubt applicable in big listed companies, although most of the successful small-business owners that were surveyed have grown their companies by pursuing something else. Of the nearly 50 respondents (and some of them have built multimillion-dollar businesses from scratch), began with the "I can do that better" idea - which is a form of excellence, but none made excellence, in the abstract, a goal. More often than not, other ambitions - recognition, vindication and cash flow were predominant in their thinking. They did however have the vision of what they can achieve and how they are going to get there. They had vision more than anything else.

From vision the rest follows. Masterton introduced the saying “Ready, Fire, Aim” in his advice on starting a new business in South Africa. “Get the basics right first and worry about getting everything else perfect later on.” *Vision* here is also understanding of what needs to be done such as making sure the business transaction works and making sure the basic selling proposition is profitable and that the cash flow needs have been met. Combine this with people that get motivated about a challenge and are trainable, have great product ideas, have great marketing skills, have a great product-development system and great management and the company has all the practical aspects necessary to start a successful business. Looking at the MTE model, the manager-leader can then apply all the ingredients / traits required.

Of course, and as Masterton (2007) says, "...there comes a time in every entrepreneur's career when the motivations that initially made him successful are insufficient." For the now medium- to large-sized company to survive and prosper the start-up owner must figure out how to do things well and have management, i.e. "how to get a lot of people to work hard and well." Start with vision, employ the MTE traits well and make the "pursuit of excellence part of the Master Plan". In conclusion, the following applications are suggested to ensure the practical rollout of this new work.

- New entrepreneurial businesses. This is the most obvious considering the goal was to create a leadership guide for new organisations and businesses. The MTE model can change behaviour by indicating to the entrepreneurial leader priorities of effort
- Organisations that have to conform to government Employment Equity (EE) legislation can use this model for positional training at all levels. Practical entrepreneurial training can specifically be geared to ensure EE candidates add value quicker and more effectively
- Multinational companies can make the most of the opportunity to partake in globalisation by using the model to prepare existing leadership and staff for their new expatriate and entrepreneurial roles
- Training must be designed to develop competency: the person must be able to lead, successfully create and establish an entrepreneurial company. The leader must show knowledge, the appropriate skills and attitude. Design of the training program would be important to achieve this. Training must be learning and competency must be the ultimate measure. The proposed training media to use would be design simulations, i.e. where a situation can be experienced. Simulation also creates a good understanding of own weaknesses and own development areas. It is also effective in optimising training time and results can normally be expected over a shorter period of time. A distinct advantage of simulation training is that it changes the mind set of the individual (Sep Serfontein, 2007). It is important to have this paradigm change in thinking towards management and business in general if an entrepreneurial leader is to be created.
- With regard to training; it is an ideal opportunity for organisations such as the DTI's Small Enterprise Development Agency (SEDA) to include in their help package a type of mentorship program that specifically looks at leadership behaviour and its alignment with the other aspects of assistance offered such as a structured business plan, marketing materials, expert product and market advice, introduction to finance, etc.

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