

## **Management 777X**

### **POWER, INFLUENCE, AND TRANSFORMATIVE LEADERSHIP**

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#### **COURSE OBJECTIVE**

The objective of the course is to cause students to gain insights about the nature of outstanding, ordinarily effective and ineffective, and moral and evil leadership. This will be accomplished by (a) reading case historical accounts and biographies of leaders, and philosophical writings about leadership, (b) watching video tapes of interviews or reports of leaders and reactions of followers to leaders, and (c) class discussion.

#### **Central Themes of the Course**

There are six central themes to the course. These are:

- 1) There are some generic functions which all effective leaders perform.
- 2) There are a set of leader motives that are especially relevant to effective leadership.
- 3) Leadership is situation specific - the manner in which the leader enacts the generic leadership functions and the motives relevant to effective performance will depend on the situation in which the leader functions. Further, in addition to the generic functions relevant to effective leadership, other leadership functions that are specific to each situation must also be performed.
- 4) Leaders are effective and leadership is justified to the extent that leaders enhance motivation, provide satisfaction, and facilitate the performance of followers.
- 5) Great leadership requires passion, commitment, determination, persistence, and a high degree of self sacrifice. This is usually manifested in 80 hour work weeks, often at great personal cost to the leader. There is no easy road to great leadership.
- 6) The behavior of leaders interacts with cultural demands such that leaders whose behavior is consistent with cultural norms will be more accepted than behavior inconsistent with cultural norms.

#### **FORMAT AND TEACHING**

Classes will be held twice a week for 80 minutes per class. The course will be conducted as a seminar rather than a series of lectures. The course materials will consist of selected chapters and journal articles, biographies and cases of reputedly great (or evil) leaders, and 20 minute films illustrating various kinds of leaders. All classes will include either a case, a film, or both. These cases and films will vividly illustrate the major course concepts taught in the class.

Approximately 30 to 40 pages of reading will be assigned for each class. Students are expected to be familiar with the content of the assignments such that they will be able to conduct informed discussions of the issues presented in the readings and films and cases. Students should underline or highlight critical passages that they would like to be clarified or discussed in class. Come prepared with questions and issues you would like to discuss in class. Class discussion will focus directly or indirectly on the study questions provided for each class. Be prepared to discuss the study questions for each class. Also be prepared to summarize and critique each article or case. To prepare for class discussions, make a set of notes for each reading. You may call on your notes when summarizing, critiquing, or discussing the readings in class. Come to each class **with at least two**, and preferably three questions, issues, or observations to be shared and discussed.

## ASSESSMENT

Students will be assessed on the basis of a term paper (40%), a well considered essay on your philosophy of management (40%), class participation (10%) and group presentations based on the term paper (10%). The term paper should be a description and analysis of a specific leader and her or his effectiveness. A sample term paper is included in the case pack, entitled Rupert Murdoch.

A bonus 5% (one half of a full grade) will be allocated on the basis of voluntary class participation. If you would like to participate in class discussions, please place a name card in front of you. Write your name on the card in large letters using a thick magic marker.

The philosophy of management paper is an individual paper and should be a preliminary description of your philosophy of management. It should include (a) your beliefs and assumptions about human nature and the management process, (b) a description of the domain in which you aspire to be a manager (or participant), (c) an analysis of the management and organizational membership requirements in that domain, (d) a description of your self perceived strengths and weaknesses, (e) a plan for the development and/or improvement of your ability to manage, and (f) a statement of the personal contribution (or value added) you expect to make as a member of organizations in your career, or at least the early part of your career.

**Term Papers:** The term papers may be written by individual students or by groups of three or four students. Group based papers are expected to be more comprehensive than individual based papers.

**Presentations:** Presentations should be based on the the content of the term papers and should take about 20 minutes

## **COURSE OUTLINE**

### **PART I: FUNDAMENTAL CONCEPTS: WHAT MAKES PEOPLE TICK?**

#### **1. Introduction**

Course introduction

Handout: Quote of Vince Lombardi, 1 page

Film: Vince Lombardi. Pay particular attention to Lombardi's strategies for motivating his players, as discussed in his interview with Howard Cousel.

#### **Questions to be discussed in class**

1. What was Lombardi's vision of an effective team?
2. How did Lombardi motivate his players?
3. What was his philosophy of management?
4. Lombardi claimed that many players in the league were as talented as his players. What made Lombardi's teams so effective?
5. What is the personal price he has had to pay to be an outstanding leader?

#### **2. Societal Culture: implications for Management**

Hofstede, G., The Cultural relativity of Organizational Practices,

Javidan, M. and House, R. J. (2001). Cultural Acumen for Global Managers: Lessons From Project GLOBE, Organizational Dynamics

Collectivistic versus Individualistic Cultures: Note from forthcoming book by R. J. House et al (2002)\*\*\*

Lecture: Implicit Theories of Leadership in the 10 Regions of the World

#### **Study Questions**

1. In what way is societal culture likely to influence the way people conceive of leadership?
2. In what way does societal culture influence a manager's ability to engage in specific management practices?
3. What should a manager do if he or she is about to assume a position of major responsibility in a foreign culture?

### **3. Leadership and Motivation 1 - Extrinsic Incentives**

Nadler, David A., & Lawler, E.E., Motivation: A diagnostic approach, in Staw, B.M. (1991). Psychological Dimensions of Organizational Behavior, Macmillan, 10 pages.

Kerr, S., On the folly of rewarding A, while hoping for B. Academy of Management Journal, 18, 4,. 13 pages

McClelland D., G., The role of money in managing motivation in H.L. Tosi, R.J. House and M.D. Dunnette, (1972). Underlie, Michigan State University, Division of Business Research, Graduate School of Business Administration, Michigan State University. 15 pages.

Film: Drilling for Dollars, Testing, 20 minutes each, From 60 the Minutes News Magazine

Lecture: Motivation - Performance Model

#### **Study Questions**

1. Under what conditions, and for what purposes, is the strategy of using contingent rewards likely to result in A while hoping for B?
2. What are the conditions that must be met in order for a manager to effectively employ extrinsic motivation.
3. What must the manager do to effectively employ extrinsic motivation.
4. What difficulties should be anticipated in using extrinsic rewards or punishment?
5. How would the effective use of extrinsic motivators differ in collectivistic versus individualistic cultures?
6. What is likely to be the effect of using powerful rewards contingent on performance under conditions where the tasks are intrinsically motivational?
7. What are the specific conditions that allowed the owner of the dental clinic to use extrinsic incentives in such a coercive manner?
8. Must extrinsic incentives always result in the experience of resentment and alienation on the part of employees?
9. What happens to employee performance when extrinsic incentives are withdrawn?
10. What kind of extrinsic rewards system would be appropriate in a collectivistic culture?

### **4. Leadership and Motivation 2: The Motivational Effects of Dissonance**

Aronson, E., (1980). Persuasion by Self-Justification: Large Commitments for Small Rewards, in L. Festinger (Ed.) Retrospections on Social Psychology, Oxford University Press, 17 pages.

Janis, I. L., Group think, in Staw, B.M. (1991)..Psychological Dimensions of Organizational Behavior, Macmillan, 9 pages.

**Film:** Group Think, 30 minutes

Attribution exercise, time permitting.

### **Study Questions**

1. What are the prerequisite conditions for individuals to experience dissonance?
2. It is argued by psychologists that dissonance theory explains a vast number of otherwise counterintuitive phenomena. Following are some of these phenomena:

Rationalization

Sustained worry, and anxiety over past events

Justification

of personal rejection

of bad choices

of uninteresting, frustrating jobs

Rationalization of unattainable desired outcomes

Intrinsic satisfaction on highly repetitive or stressful jobs

Sustained behavior with no external incentives

Rejection of new information

Resistance to change

Group think

Fanaticism

Persistence and escalation of commitment to a failing course of action

Burnout of professional athletes following attainment of extremely high pay

Increased expectations when outcomes are made more desirable

Guilt

Post decision regret

How does dissonance theory help to explain the above?

3. In what ways can individuals reduce dissonance?
4. Be prepared to describe a situation in which behavior (yours or another's) was highly motivated by dissonance.
5. What happens to individuals who experience dissonance and cannot reduce it?

### **5. Leadership and Motivation 3: Intrinsic Incentives**

Bandura, A., (1986). Social foundations of thought and Action, Prentice Hall, 6 pages of terse and dense reading. Read the Bandura excerpt very carefully, possibly more than once.

Herzberg, One More Time: How Do You Motivate Employees, Harvard Business Review

**Case:** The Motivation Case

Be prepared to discuss the questions following the Motivation Case.

### **Study Questions:**

1. What is intrinsic motivation? How does it differ from extrinsic motivation?
2. How can jobs be designed to make work more intrinsically motivating?
3. What can managers do, other than job design, to make work more intrinsically motivating?
4. What is likely to be the effect of using extrinsic incentives under conditions where the tasks are intrinsically motivational?

Note: Included in the bulkpack is a note entitled "Factors that Influence Motivational variables." This summarizes much of what has been discussed about motivation thus far. By this time in the course this note should be self explanatory to you. If not, raise questions in the following class.\*\*\*

### **6. Leadership and Motivation 4: Non-conscious Motivation**

Anatomy of an Emotional Hijacking, Chapter 2 from Goleman, D., it's Emotional Intelligence, Bantam, pp 13-29

McClelland, D., That Urge to Achieve, 8 pages

McClelland, D. and Burnham, D. (1976). Power is the Great Motivator, Harvard Business Review, March-April, 11 pages.

**Film:** General George Patton

### **Study Question**

According to McClelland the motives to which he is referring in the above articles are non-conscious motives in the sense that individuals usually do not understand the underlying motivational forces that cause them to engage in long term global behavior patterns such as social relationship patterns, occupational choices over time, child rearing behavior, intimate relationships, responses to conflict and conflict resolution behaviors.

According to Goleman, much of human behavior is non-consciously and emotionally driven.

1. To what extent, and under what conditions, do you believe that humans (especially you) are primarily consciously motivated - respond cognitively and rationally to stimuli, make primarily rational choices?
2. To what extent, and under what conditions, do you believe that humans (especially you) are primarily nonconsciously motivated (respond emotionally and often irrationally to stimuli, make choices primarily on the basis of non-conscious motives and emotional

responses to stimuli)?

3. Empirical evidence indicates that about 50% of human personality is due to genetic inheritance and the remainder is due to environment and measurement error. Further, it could be argued that the social environments in which humans function is largely influenced individually by each person's personality and behavior. That is, to a substantial extent individuals elicit social responses from others based on the way they treat, and respond to, others. It is also argued that individuals often even influence their physical environments, Individuals chose their occupations, their places to live, and their life partners. Thus, according to this position, individuals inherit genetic dispositions which not only influence their personality and behavior, but also substantially influences their own environments.

This issue is referred to as the nature-nurture controversy. What is your position on this controversy? Be prepared to discuss the above position.

4. Under what kind of social or organizational conditions, and for what kinds of functions, tasks or roles are each of the following motives likely to be effective or ineffective:

The achievement motive

The power motive

The affiliative motive (need to be accepted, liked)

The moral responsibility motive (strong concern for the moral use of power, referred to in McClelland as a keen sense of justice)

Institutional aspiration (strong motivation to develop and grow an effective organization)

## **7. Sources of Power and influence**

Excerpts from The Prince by Nicoli Machiavelli

Sources of Power and Influence. Chapter \*\*\*

In Yukl, G.A.. Leadership in Organizations, 4th edition, New Jersey: Prentice Hall.

Read Parts 1 and 2 of New York Times articles on Lehman Brothers, by Ken Alutta,

Power, Greed and Glory on Wall Street: The Fall of Lehman Brothe, Part 1, pp 27 - 44;

The Men, The Money, The Merger: The Fall of Lehman Brothers, Part 2, pp 45 - 60.

### **Study Questions**

1. What was the strategy of Lehman's as of the end of Part I of the New York Times article?
2. What are the sources of power and influence of Peterson oand Glucksman?
3. Be prepared to discuss the influence tactics used by Peterson or Glucksman. What kind of influence was used by each?
4. What are the short and long term effects of each of the influence tactic described by

Yukl?

5. What alternatives that Petersen could have used had he chose to stay on as the CEO of Lehman's
6. What are the possible consequences of the alternatives at Peterson's disposal?
7. If Peterson had the will to fight Glucksman for the position of CEO what advice of Macheavilli should he have followed.
- 8.. What could/should Peterson have had to do upon initially assuming his position, and in subsequent years, to develop the Lehman Brothers organization so that it could avoid the kind of crisis it faced in the case?
- 9.. What were apparently the non-conscious motives of Peterson and Glucksman

## **8. Influence Tactics**

Yukl, Leadership in Organizations, Chapter \*\*\*, 29 pages

Kipnis, D. patterns of managerial influence: shotgun managers, tacticians, and bystanders, Organizational Dynamics

Case: Lyndon Baines Johnson

**Film:** Lyndon Baines Johnson

### **Study Questions:**

1. What influence tactics did Johnson use?
- 2, What was there about the situation that permitted him to use such tactics?
3. Did he use influence effectively?
4. Did he use influence ethically?
5. What personal price did Johnson pay to be a successful politician?
6. Under what conditions are each of the influence tactics described by Yukl, and by Kipnis appropriate?
7. What are some of the dysfunctions of the influence tactics?

## **9. Compliance to Leader Authority**

Sales, S. (1972). Authoritarianism: But as for Me, Give Me Liberty, or Give Me Maybe, A Great Big Strong Powerful Leader I can Honor, Admire, Respect, and Obey, Psychology Today, 5 pages.

Asch, S. F., Effects of Group Pressure Upon the Modification and Distortion of Judgements \*\*\*

**Film:** Obedience to Authority

1. Be prepared to describe a circumstance in which you or someone else engaged in some socially or morally undesirable behavior due to social pressure. The more important the

behavior, or the greater the consequence of this behavior for someone else, the more relevant it will be to the learning point of this class.

What were the circumstances involved? Who was the influence agent and what was his/her relationship to the target?

2.. Why does stress lead to a greater propensity to seek, or accept, authoritarian leadership?

3. The obedience (electric shock) experiments were loaded with dissonance induction. What role did dissonance play in this experiment? How was it induced? What was the effect?

4. Why, in your opinion, did one third of Asch's subjects yield to the majority?

5. What is your attitude toward compliance to formal authority? More specifically do you tend to comply, question, or resist directions and policies based on formal authority?

6. What is your inclination toward the exercise of formal authority? Are you comfortable in giving others directions? Do you experience pleasure with the status that accompanies formal authority such as titles, compliance of others, special privileges?

7. If a subordinate were seriously delinquent in her or his work and insubordinate toward you, would you find it difficult to engage in disciplinary action

## **10. Effects of Power on Power Holders**

The Metamorphosis Effects of Power, Kipnis

**Film:** The Experimental Prison

### **Study questions**

1. What is the metamorphic effect of power?
2. What can organizations do to prevent the metamorphic effect on a part of the managers and supervisors?
3. What can you do to ensure that you are not influenced by the metamorphic effect if you are in a position of authority?
4. What can subordinates do to protect themselves from the metamorphic effect?
5. What kind of leader behavior results when the metamorphic effect is in operation and subordinates resist leader influence attempts?

## **PART II: LEADERSHIP BEHAVIOR PATTERNS**

**SPECIAL NOTE:** For all of the leaders described in subsequent cases, based on the information provided in the cases, do the following:

Complete the Leadership Practices Survey with respect to the leaders. Assume you are either work for the leader or know him or her very well. You need not complete items for which you have insufficient information. Highlight any of the questionnaire items you think are worth discussing in class. This will take about 15 minutes per leader.

Rate the leader as high, medium, or low on each of the following motives:

The achievement motive

The power motive

The affiliative motive (need to be accepted, liked)

The moral responsibility motive (strong concern for the moral use of power, referred to in McClelland as a keen sense of justice)

Institutional aspiration (strong motivation to develop and grow an effective organization).

## **Readings**

House. Value Based Leadership, 3 pages.

House, R. J. and Shamir, B. (1993) Toward the Integration of Transformational, Charismatic, and Visionary Leadership, 12 pages.

## **11. Participative Leadership**

Yukl, Chapter 6, Participative Management

**In class exercise:** The New Office Problem

Study Questions

1. What are the advantages and disadvantages of participative management?
2. What are the effects of participative management on the psychological states of subordinates?
3. What are the conditions under which participative management is likely to be most effective

## **12. Interim Course Evaluation**

## **13. Midterm exam**

## **PART II. LEADER BEHAVIOR PATTERNS**

**SPECIAL NOTE:** For all of the leaders described in subsequent cases, based on the information provided in the cases, do the following:

Complete the Leadership Practices Survey with respect to the leaders. Assume you are either work for the leader or know him or her very well. You need not complete items for which you have insufficient information. Highlight any of the questionnaire items you think are worth discussing in class. This will take about 10 minutes per leader.

Rate the leader as high, medium, or low on each of the following motives:

The achievement motive  
The power motive  
The affiliative motive (need to be accepted, liked)  
The moral responsibility motive (strong concern for the moral use of power, referred to in McClelland as a keen sense of justice)  
Institutional aspiration (strong motivation to grow an effective organization).

## **14. Value Based Leadership -1. Overview**

### **Readings**

House. Value Based Leadership, 3 pages.

House, R. J. and Shamir, B. (1993) Toward the Integration of Transformational, Charismatic, and Visionary Leadership, 12 pages.

**Case:** Anita Roddick and the Bodyshop

**Film:** Anita Roddick and the Bodyshop\*\*\*

### **Study Questions**

1. In what way is Anita Roddick a value based leader? What specific behaviors distinguish her as a value based leader?
2. What influence tactics does she employ?
3. What is her philosophy of management?
4. What is the personal price she has had to pay to be a value based leader?
5. Field assignment: Visit a Bodyshop. Interview a sales clerk. See if you can determine how she or he is motivated. Intrinsically or extrinsically? What are the sources of motivation and the incentives to which the sales clerk is responding? How does she/he feel about their work. Is it an important or trivial part of his/her life?

## **15. Value Based Leadership 2 -Empowering Leadership**

Yukl, G. (1994b), A retrospective on House's 1976 theory of charismatic leadership and recent revisions, 7 pages. This article reviews some of the empirical research on the value based leadership theory (formerly referred to as charismatic leadership theory), 6 pages.

Nadler and Tushman, Beyond Charismatic Leadership\*\*\*

**Case:** Jan Carlzon: CEO of SAS: A and B, 12 pages

Jan Carlzon: Moments of Truth (excerpts), 3 pages.

**Film:** Jan Carlzon at SAS

Note: Carlzon and other charismatic/value based leaders capitalize on the phenomenon known as the self-fulfilling prophecy. This phenomenon occurs when an individual, especially leaders, show confidence in followers and delegates to them challenging tasks. Most often followers will rise to the occasion and accomplish more than they thought they would have been able to.

### **Study Questions**

1. In what way was Carlzon a value based leader? What specific behaviors distinguish him as a value based leader?
2. How did he induced a self-fulfilling prophecy of more effective performance on the part of the members of SAS?
3. What can managers do to optimize the application of the self-fulfilling prophecy?
4. What kind of organizational climate will enhance the positive effects of the Self Fulfilling Prophecy?
5. What kind of organizational climate will enhance the negative effects of the Self Fulfilling Prophecy?
6. What kind of reward and recognition practices will enhance the positive effects of the Self Fulfilling Prophecy?
7. What kind of reward and recognition practices will enhance the negative effects of the Self Fulfilling Prophecy?
8. Have you ever worked for, or had close contact with, a person who caused you to either a) become less effective than you otherwise would have been, or b) become more effective than you otherwise would have been? What specific leader behaviors caused you to be more or less effective?
9. The initial enthusiasm stimulated by Carlzon eventually waned. Is it reasonable to expect such enthusiasm to continue indefinitely?
10. What should Carlzon have done to maintain enthusiasm and organizational commitment?
11. It often happens that when leaders such as Carlzon leave their organizations the organizational climate they established eventually dissipates. What could he have done to ensure that the positive effects of his leadership after his departure?

### **16. Value Based Leadership 2: Participative leadership**

Roberts, N. Transforming Leadership (Journal article)

**Case:** Carlson's Raiders (3 pages)

### **Study Questions**

1. What were the strategies and tactics that made the superintendent so successful in overcoming the crisis?
2. What conditions favored the use of her Value Based leadership style?
3. The School Superintendent described in the Roberts article, Jan Carlzon, and Carlson

of Carlson's raiders were charismatic and value based leaders, and then were subsequently unable to exercise their value based leadership style upon assuming new positions. How do you explain this "loss of charisma"?

### **17. Personalized Self Aggrandizing Leadership**

Howell, J.M. The Two Faces of Charisma, 13 pages  
House, R. J. Personalized and Socialized Leadership

The CEO disease, 3 pages

Film: Maximum Morphoneous  
Merve's Money, time permitting

#### **Study Questions**

1. What personality characteristics and behaviors are characteristics of personalized leader?
2. What leaders can you think of who are personalized leaders.?

### **18. Authoritarian Leadership**

Chapter 11, Authoritarianism, in Social Psychology by Roger Brown

Rupert Murdoch, sample term paper from prior class

Film: Rupert Murdoch from 60 Minutes

#### **Study Questions**

1. How would you characterize Murdoch's leadership style?
2. What are his strengths and weaknesses as CEO of The News to Corporation?
3. What leader behaviors or aspects of Murdoch's leadership style strike you as effective or ineffective?
4. What is likely to happen to The News to Coporation when Murdoch is no longer the CEO?
5. Despite the fact that Murdoch was an authoritarian leader, and despite the fact that he intimidated many of his subordinates, the News Corporation has grown substantially under his reign, and is very successful. How do you explain this success?
6. What is the personal price Murdoch pays to be a successful corporate executive?

### **19. Machiavellian Leadership**

Case: Revisit Niccolo Macheavelli's The Prince, 13 pages

Parkhouse, An interview With Niccolo Macheavilli, 6 pages

Film: Robert Vesco, time permitting

### **Study Questions**

1. Machiavelli lived in times in which, to be effective, it was necessary for Princes to abide by the principles espoused by Machiavelli. What were some of the conditions of the times that required such behavior?
2. What are the implicit assumptions about the nature of human beings in The Prince?
3. What influence tactics did Machiavelli recommend to the Prince?
4. Implicit in Machiavelli's writings is the assumption that power struggles inevitably require leaders to be on guard, prepared, willing to be feared and to be cruel. What is your view on this assumption? Is it valid in today's global business world?
5. It could be argued that there are two characteristics of leadership positions that require any business leader in a capitalist economy (as well as leaders in many other circumstances) to be both highly power motivated and Machiavellian. The first condition is that leaders must be highly competitive in the interest of their organizations, otherwise their organizations will fail. The second condition is that leaders must continuously be on guard to fend off competitors for their leadership position. Comment.
6. If you find yourself in a power struggle in which your job or perhaps even your career is at stake, would you be willing and able to follow the advice of Machiavelli?
7. It could be argued that leaders of organizations in highly complex competitive environments, such as in the software development industry, or in firms facing global competition, many of the characteristics and behaviors prescribed by Machiavelli are required for effective leadership. Comment.

### **20. Evil Leadership**

#### **Films:**

Robert Maxwell, from 60 Minutes

Werner Erhardt and Est, from 60 Minutes, time permitting

Two e mail notes on Robert Maxwell\*\*\*

#### **Questions to be discussed in class**

1. In what way Erhardt and Maxwell typical of individuals with high power motivation and low moral constraint on the use of power?
2. What were their bases of power?
3. What motivated Erhardt's followers to follow and obey him?
4. Maxwell was both a self aggrandizing and authoritarian leader. According to all accounts he was not an effective manager of people. Despite this he was highly successful several times in his career. How do you explain his track record of ups and downs, consistently followed by rising again to success?

### **PART III: APPLICATIONS**

## **21. Strategic Leadership 1: Management of a Dynamic Organization**

**Case:** Microsoft and Bill Gates

Time Magazine article on Gates  
He Wants All Your Business  
On The Road With Chairman Gates  
In Search of the Real Bill Gates

**Film:** Bill Gates

Study Questions

1. Is Bill Gates a developer of managers?
2. What are the characteristics and behaviors of Bill Gates of which Machiavelli would approve? Disapprove?
3. What influence tactics does he use?
4. How does he motivate his subordinates?

## **22. Strategic Leadership 2: Transformation from a Bureaucracy to a Dynamic Organization**

Sherman, Stratford P. "The Mind of Jack Welch." *Fortune*. March 27, 1989.\*\*\*

Stewart, Thomas A. "GE Keeps Those Ideas Coming." *Fortune*. August 12, 1991.\*\*\*

Case: Jack Welch, GE's Revolutionary

Film, Jack Welch

**Study Questions**

1. Is Jack Welch a developer of managers?
2. What influence tactics does he use?
3. How does he motivate his subordinates?
4. What is Welch's vision of an effective high level executive at G.E? An effective organization?
5. What are the characteristics and behaviors of Jack Welch of which Machiavelli would approve? Disapprove?
6. In what ways is Welch a socialized leader, a personalized leader?
7. At the time Welch took the position of CEO GE had liquid assets of approximately \$3 billion. (Current assets less current liabilities). Profit in 1980, the year before Welch became CEO was \$1.5 billion. Return on shareholders equity was approximately 15%, well above the average return of companies on the major stock exchanges and companies in Fortune 500. Several management analysts have argued that since GE was in such a

strong financial position, and doing exceptionally well in 1981 when Welch became CEO, there was no need for the drastic downsizing GE went through in Welch's early years. Further, they argue that the cost of the downsizing in terms of ruined careers, broken marriages, and psychological and physical breakdowns are social costs which must be born by society in the form of externalities which would otherwise not have occurred. Comment.

8. Could 'Welch have lead a competitive and healthy organization in the 1980's and into the 1990s by changing GE in a more incremental and humane manner? Be prepared to discuss whether Welch is a hero or a villain, whether the change at GE was necessary, and necessarily as severe and swift as it was.

23 – Remainder of course.

Group presentations