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Introduction

The major contingencies of leadership behavior most often mentioned are the manager, her/his boss and subordinates, colleagues, organizational structure and culture, organizational situation and the nature of work. In practice, the interrelationship between manager and subordinate plays the most important role in determining the leadership style. A manager should, particularly, take into account every subordinate's personality, work experience, and personal needs. However, it may be assumed that a manager's personality functions as a filter when the manager interprets what kind of style the subordinate needs. The actual leadership behavior is affected by that interpretation. Even though personality has been found to be very important predictor of entrepreneurs network activity, international orientation, stress behavior, among others, leadership research has not, however, been concerned so much with the role of personality and cognitive styles in leadership behavior, at least in SME context. Some research on personality has dealt with situational leadership and transformational leadership. Leader-Member Exchange, LMX, is one model to study leadership in organizations. According to situational leadership approach, LMX theory suggests that leaders develop different exchange relationships with every subordinate in his/ her working group. The focus in LMX studies is on dyadic relationships between leaders and their subordinates. Leaders develop close relationship with few subordinates and formal relationship with others.