

Situational theory: rationale for theory selection

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Situational Theory: Rationale for Theory Selection

Situational theory of leadership as proposed and developed by Hershey and Blanchard explains the importance of determining leader and subordinate maturity to successfully execute plans and maintain relationships within organisations. Rationale according to the situational theory is that for an organisation to function properly, leaders must recognise their leadership styles and identify the maturity level of the subordinates to come up with management solutions appropriate for the educational attainment and skill set, experiences, work attitudes and self-confidence of all parties involved (Daft, 2007). By identifying these factors, non-compliances can be avoided and work compromises between both parties can be improved.

In the case study by Vermillion, et al. (2010) regarding the report for financial year 2009, it can be said that based on Hershey and Blanchard's Situational Theory diagram the leadership style that prevailed during that year was the S2 Quadrant (Selling), described as the kind of leadership wherein decisions are explained and opportunities for clarifications of goals are provided (Daft, 2007). This is because most of the solutions and decisions related to the financial and service goals originated from the managers, in which they weighed or prioritised and aligned their own and specific objectives under the hospital's original pillar goals (Vermillion, et al., 2010). On the other hand, the employees' level of maturity can be described under Hershey and Blanchard's Situational Theory diagram as R4, wherein they are able and willing or confident to follow the goals set by their leaders. This is because Baptist Hospital saw an unexpected increase in revenues and both patient and employee levels of satisfaction, which were all well above

the targets (Vermillion, et al., 2010). Such results were all possible due to the successful combination of the S3 leadership styles and employees' high level of maturity within the Baptist Hospital organisation.

References

Daft, R. (2007). *The leadership experience*. Mason, OH: Thomson Higher Education.

Vermillion, K., Terry, A., Davis, S., & Owens, K. (2010). Innovations in performance management. *Healthcare Financial Management: Journal of the Healthcare Financial Management Association*, 64(5), 98-104.