TRANSFORMING AN INDUSTRY IN CRISIS: CHARISMA, ROUTINIZATION, AND SUPPORTIVE CULTURAL LEADERSHIP

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This article narrates the saga of how leaders in the highly competitive U.S. semiconductor manufacturing industry framed their future as a struggle for survival against an unprincipled adversary and thus generated an industry-wide strategy for battling the competition. Their strategy amounted to a social experiment in that it required unprecedented cooperation from members of the industry. Our account and analysis focus on four remarkable, interrelated aspects of this saga: (1) how these leaders linked their actions to support the charisma of their central leader—Robert Noyce—who became the first CEO of the resultant consortium; (2) how the participation they shared in the saga of the founding and growth of the U.S. semiconductor industry, especially at Fairchild Industries, provided a basis for their later cooperation; (3) how they created an unusual participative and democratic culture at Sematech; and (4) how Noyce’s vision persisted after his death through various forms of routinization established earlier. Five bodies of qualitative data generated in two independent series of investigations inform this study. They include two sets of in-depth interviews with participants at various levels, extensive archival data, ethographic observations, informal conversations and interviews, and information supplied by a key informant.

INTRODUCTION

Over the last two decades, a considerable literature has accumulated on charismatic leadership (e.g., Bryman, 1992, 1996; Conger & Kanungo, 1988, 1998; House, 1977; House, Spangler, & Woycke, 1991) and its cousin, transformational leadership (e.g. Burns, 1978; Bass, 1985; Bass & Avolio, 1994). In addition, two special issues of *The Leadership Quarterly* (vol. 4, no. 3, 1993 and vol. 10, nos. 2 and 3, 1999) have

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been devoted, respectively, to an examination of neo-Weberian perspectives on charisma and a review of the state of the art on this “new paradigm” of research on leadership. Much of this research has been based on the collection of quantitative data. Relatively few studies have employed qualitative or multiple methods to study charismatic leadership in organizations over a period of time (Bradley, 1987; House et al., 1991; Roberts & Bradley, 1988; Ropo & Hunt, 1999; Trice & Beyer, 1986), and there have been recent calls for more qualitative research (Bryman, 1996; Conger, 1998; Parry, 1998).

This article uses extensive qualitative data to describe and analyze how the charismatic leadership of Robert Noyce and the complementary cultural leadership of three other executives in the semiconductor industry made possible the voluntary formation and subsequent success of the cooperative research consortium called SEMATECH. Together they took on various symbolic leadership roles (Pfeffer, 1981) that (1) moved the industry toward agreement about the seriousness of the threats posed by the Japanese; (2) advanced the culturally radical solution of cooperating in research, development, and testing of manufacturing materials, equipment, and techniques; (3) sold the necessity for concerted action by dramatizing the seriousness of the problem throughout the industry; and through their own efforts and contributions; and (4) created commitment to a common solution among the disparate members of the industry. In the process, they routinized the charisma of their founding leader.

THE RESEARCH SETTING

In 1977, five of the leading manufacturers of semiconductors formed the Semiconductor Industry Association (SIA) to attend to the special needs of their industry. The association began tracking market share on an international basis. Initially, the news about market share was reassuring, but by the early 1980s an alarming trend began to appear. The Japanese manufacturers were capturing increased proportions of market share, and the U.S. market share was declining. In 1985 the market share of the Japanese exceeded that of the U.S. for the first time. The U.S. share of semiconductor industry sales had sunk from 65% in 1975, when the Japanese entered the industry, to about 42%. By 1987 the U.S. share had fallen still further to 39%. Based on these trends, industry analysts predicted that by 1993, the U.S. market share of semiconductor sales would shrink to around 20% (SEMATECH, 1992).

Most of the executives in the industry had not anticipated the success of the Japanese in winning market share from the U.S. because the Japanese had never been a source of innovation for the industry. An exception was Robert Noyce, the co-inventor of the integrated circuit, one of the early supporters of the SIA and the former President, Chairman of the Board, and co-founder of Intel. Noyce early recognized that the Japanese manufacturers were a real threat to the U.S. industry and that their competitive edge rested both in manufacturing excellence as well as in cooperative arrangements between all of the players in their industry.

In 1987, when the U.S. chip makers and the U.S. Defense Department finally collectively realized the extent of the crisis they were facing, they decided to embark
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