Leadership is NOT an HR Fad

- In the 20th century, how many people were killed by natural disasters?
- Consider this:
  - In the 20th century, **167,000,000** people were killed for political reasons.
  - **30,000,000** were killed by invading armies.
  - **137,000,000** were killed by their own governments.
- Getting leadership right is often a matter of life and death.

Professional Indifference

From 1948 until the 1990s, psychology textbooks maintained that there is no such thing as leadership.

- From a behaviorist perspective, leadership is a function of "the situation".

- This is the "shit happens" theory of leadership—according to which Hitler was merely an historical accident.

- Situational leadership is related to cultural relativism—another bad idea from the 1930s.

Academic Leadership Research

The consensus of non-psychologists is that modern leadership research has failed—there is NO consensus regarding the characteristics of effective leaders.

The research has failed for three reasons:

1. Wrong definition.

2. No attention to actual results.

3. No attention to followers.

Hamel, G. (2007). *The future of management*. Harvard Business School Press.

Khurana, R. (2007). *The unfulfilled promise of management as a profession*. Princeton University Press.

Kramer, R. J. (2008). Have we learned anything about leadership development? C*onference Board Review,* 45, 26-30.

Defining Leadership

- The literature defines leadership in terms of the people who are in charge.

- Who gets to be in charge of large, hierarchical, bureaucratic, male-dominated organizations?

- What do Jack Welch and Jeffrey Immelt (GE) have in common? Michael Eisner and Robert Iger (Disney)?
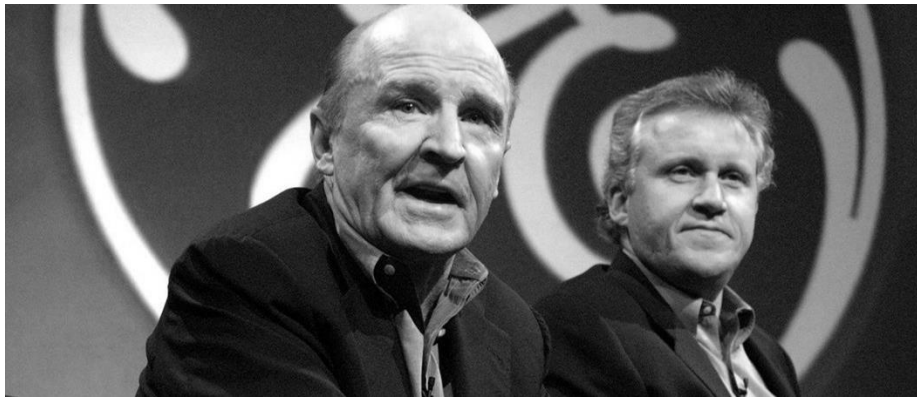
Jack Welch and Jeffrey Immelt, GE

Michael Eisner and Robert Iger, Disney

Redefining Leadership

- Consider human origins: people evolved as group living animals.

- Warfare was constant, there was selection within and between groups.

- People are selfish; leadership involves persuading people to work together for the common good.

- Leadership is a resource for the group, not a source of privilege for incumbents.

- With this definition, the literature converges.

Leadership

Leadership should be defined in terms of the ability to build and maintain a high performing team, group, or organization.

Leadership should be evaluated in terms of the performance of the team relative to the performance of the teams with which it competes.

This is virtually never done...

Some Data

Economists, studying the ROI of leaders, including CEOs, report that:

- CEOs account for **14%** to **29%** in firm performance. When CEOs change, firm performance changes.

- High performing executives add **$42,000,000** over average performers during their tenure.

- Good management drives business unit performance at **every** level of an organization.

- Well managed organizations are **more profitable for everyone**, including the employees.

More Data

Meta-analytic research shows substantial correlations between personality and leadership performance:

Adjustment and performance	$r = .24$
Sociability and performance	$r = .31$
Conscientiousness and performance	$r = .28$
Open-mindedness and performance	$r = .24$
Multiple r for personality	$R = .53$
IQ and performance	$r = .23$

Judge, T.A., Bono, J.E., Ilies, R., Gerhardt, M.W. (2002). Personality and leadership. *Journal of Applied Psychology*, 87, 765-780.
Judge, T.A., Colbert, A.E., Ilies, R. (2004). Intelligence and leadership. *Journal of Applied Psychology,* 89, 542-552.

And More Data

A definitive meta-analysis of the links between managers' personality, staff morale, and business unit performance shows:

1. The personalities of managers directly impact employee satisfaction across organizations. r=.50

2. When employee satisfaction is high, positive business results occur. r = .35

3. When employee satisfaction is low, negative business results occur. r = .35

Harter, J.K., Schmidt, F. L., & Hayes, T. L. (2002). Business-unit-level relationships between employee satisfaction, employee engagement, and business outcomes. *Journal of Applied Psychology*, 87, 268-279.

Characteristics of Effective Leaders

People have hard-wired categories for evaluating leadership, and the same four themes emerge all over the world:

Integrity
Meet commitments, don't lie, don't play favorites, don't take advantage of the position.

Judgment
Make good decisions quickly—and reliably.

Competence
Be good at the business.

Vision
Be able to explain why it matters.

Good to Great Themes

CEOs (13 of them) of Fortune 1000 companies with 15 years sustained superior performance were, in addition to the previous four characteristics:

1. Amazingly persistent
2. Humble

"It takes absolute pettiness to achieve power, but humility to wield it." - Napoleon

Collins, J. (2001). *Good to great*. New York: Harper Collins.

Good News And Bad News

Concerning research on leadership and management, there is some good news and some bad news.

The Good News

- When leadership is defined correctly, the research converges nicely.

The Bad News

- No one pays attention.
- As a result, there are a lot of bad managers—because promotions often depend on politics.

Base Rate of Bad Managers

How many bad managers are there?

- In the 1980s, estimates varied between **2%** and **8%**.

- Recent estimates range between **30%** and **67%**--the average is **50%**.

- I believe **67%** of existing managers, in all organizations, are flawed, and at least **50%** will be fired.

Alienated Subordinates

The worst thing bad managers do is abuse their subordinates, who have little protection.

- According to NIOSH (1999):
  1. **40%** of all workers see their jobs as *very or extremely* stressful.
  2. Problems at work are more important life stressors than **money** or **health**.
- Surveys show that **75%** of working adults say the most stressful aspect of their job is their immediate boss.
- Bad managers create **enormous health costs** and are a major source of misery for many people.

NIOSH (1999). *Stress at work*. (DHHS Publication 99-101). Washington, DC.

In Addition

A 2010 survey by The Economist Intelligence Unit shows:

- **47%** of C-suite executives think they are great leaders.

- Most C-suite executives believe **Generation Y** employees are the source of employee alienation.

- **57%** of middle managers think long-serving supervisors cause staff alienation.

- **84%** of respondents think alienated employees are one of the biggest threats to their business.

- **12%** report that their company cares about employee alienation.

- **Conclusion: No one is in charge.**

Financial Costs of Bad Managers

Recent poll of HR executives estimates the cost of a failed executive at **$2.7 million.**

Incompetent executives brought us Enron, Lehman Brothers, Best Buy, Peregrine Financial, etc.

$

There are significant hidden costs: golden parachutes, missed business opportunities, and *alienated subordinates.*

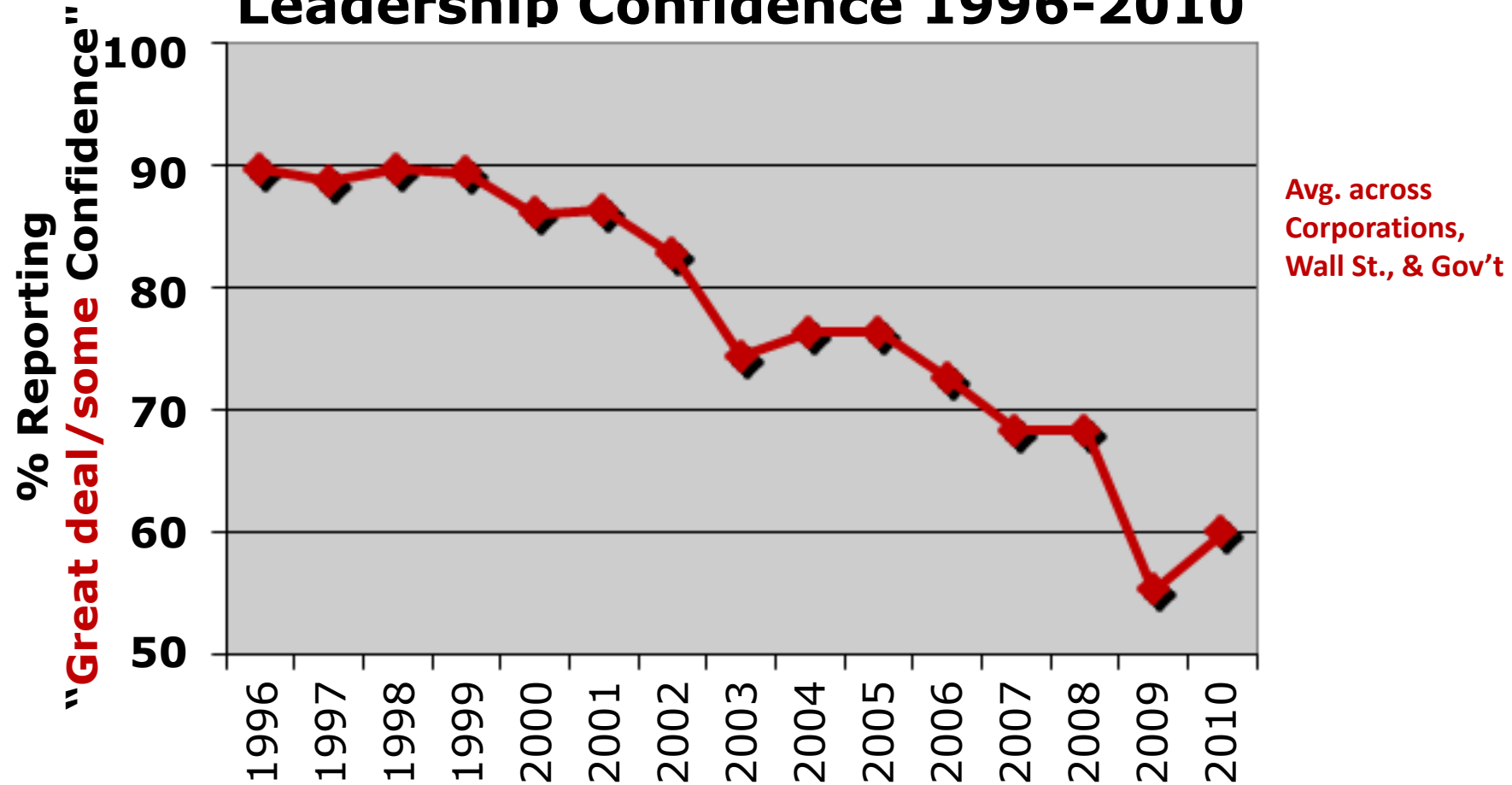The latter seems not to bother most businesses.

The Harris Poll (U.S.) Leadership Confidence 1996-2010

U.S. Corporate Spending on Leadership Development (*estimates*)
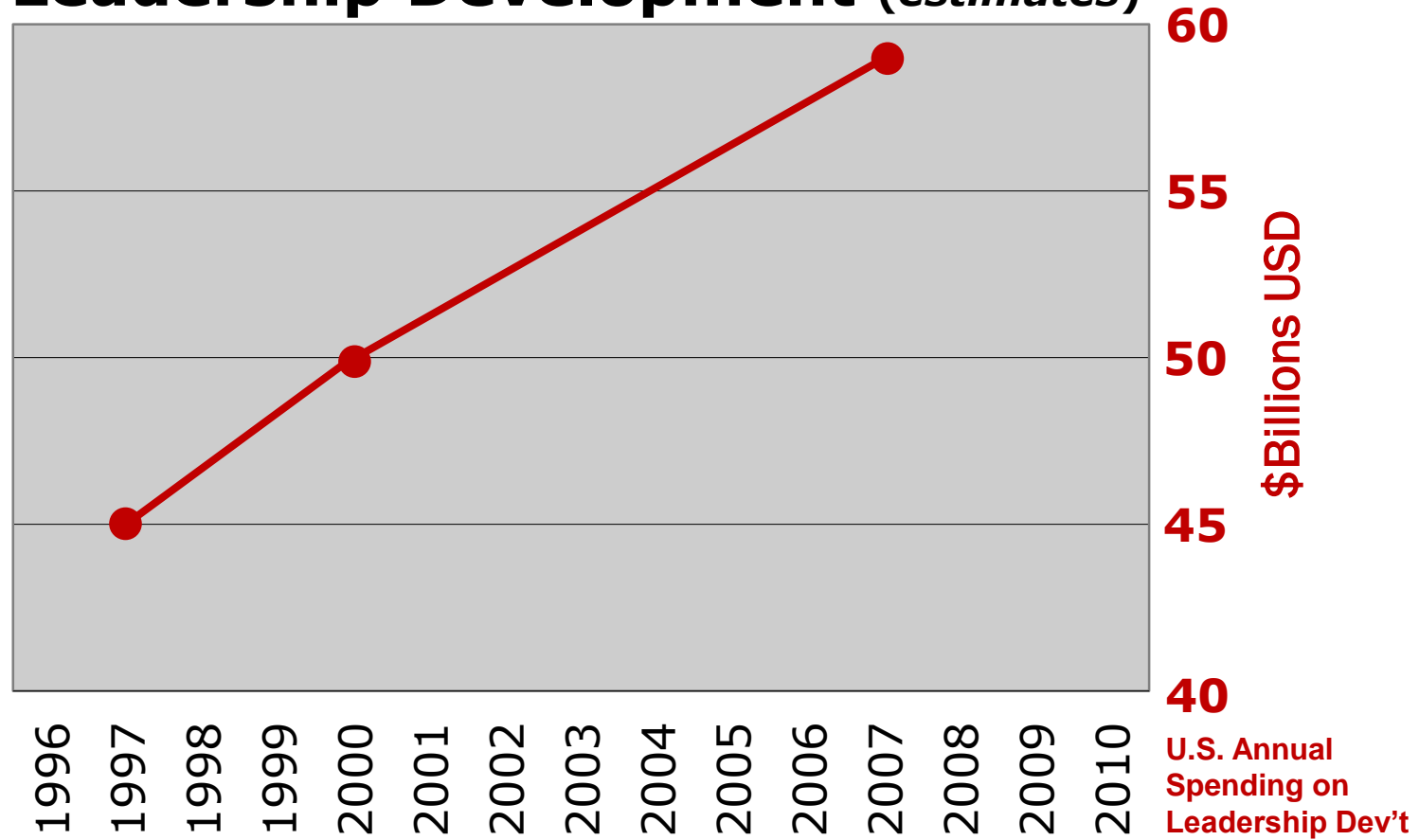
Borrowed with permission from Robert B. Kaiser, Kaiser Leadership Solutions

Causes of Incompetence

Recall that the fundamental task of leadership is to build and maintain a high performing team and get results.

Incompetent managers (parents, teachers, coaches, therapists) are unable to build a team.

Broadly speaking the reasons concern lacking integrity, judgment, competence, and/or vision.

Empirical Research

V. Jon Bentz, former VP of HR for Sears, pioneered the empirical study of managerial derailment in the late 1960s.

- Bentz' conclusion: Failed managers have "...an overriding personality defect".

- Bentz' research has replicated nicely since then.

- Managers derail for about 11 recurring reasons.

- They are as follows:

Dimensions of Managerial Incompetence

The Dark Side of Personality

Excitable	Erratic emotional outbursts	Stephen Jobs, Apple
Skeptical	Mistrustful and vindictive	Richard Nixon
Cautious	Risk averse, won't make decisions	Ben Bernanke
Reserved	Aloof and uncommunicative	Barack Obama
Leisurely	Passive-Aggressive meanness	IT staff
Bold	Narcissistic, unable to learn from mistakes	Bill Clinton
Mischievous	Ignores commitments, constantly lies	Bernard Madoff
Colorful	Manages by crisis to be center of attention	Ellison, Oracle
Imaginative	Bad ideas and decisions	Gerald Levin, AOL/Time Warner
Diligent	Over-controlling micro-manager	Michael Eisner, Disney
Dutiful	Too concerned about pleasing superiors	George Tenet, CIA

It's About the Team

Each of these 11 dysfunctional styles of interpersonal behavior has the same consequence.

Each prevents a person from being able to build a team.

An alienated staff means a low functioning business unit.

A low functioning business unit means poor financial performance.

Last Thoughts: I

American psychology fundamentally misunderstands leadership—it defines leadership in terms of who is in charge.

Leadership is about getting a team to perform.

A team's performance reflects its reactions to its leadership.

Leadership is a resource for the team not a source of privilege for the leader.

Last Thoughts: II

The principal cause of disease is stress.

A major cause of stress is bad management.

Bad management is a public health problem.

How many of your colleagues abuse secretaries, receptionists, and other staff?

How many of your colleagues are rude to students?

Last Thoughts: III

People are chosen for leadership roles based on politics, not on their talent for leadership.

Two thirds of current CEO's will be fired.

Over 50% of existing managers are incompetent.

Psychologists know how to identify good potential leaders.

Psychologists know how to coach bad managers—and they have a big job on their hands.

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