Humility

The truth about leadership

Objectives of the Talk

1. Analyze the links between charisma, humility, and leadership

2. Suggest that charismatic leaders can be destructive

3. Suggest that humble leaders can be effective

4. Distinguish between emergence and effectiveness

5. Suggest that charisma is to emergence as humility is to effectiveness

Charisma vs Humility

Charisma is "a compelling attractiveness that can inspire devotion in others..."

Humility is "freedom from pride or arrogance: the quality or state of low self-preoccupation..."

Charisma and Narcissism

Charisma and narcissism are correlated in leadership samples

Charismatic narcissists:

- won't accept responsibility for failure

- take more credit for success than is fair

- won't listen to feedback/can't learn from experience

- feel entitled to leadership positions

- ruin companies as CEOs through bad decision making

The Birth of Charismatic CEOs

- In the 1970s, activist investors began pushing companies to find CEOs who would generate better financial results.

- This led to "Agency Theory"—i.e., paying CEOs based on their financial results.

- Companies began hiring CEOs who guaranteed better results; narcissists always guarantee better results.

- Organizations think they need charismatic leadership but charisma often brings narcissism.

Charisma Invades the Culture of Business

Indeed.com lists 224,526 jobs requiring charisma

Indeed.com lists 3,342 jobs requiring humility

Charisma has consequences: Napoleon and Trump

- Both rose to the top of their country's political hierarchy based on charisma

- Both were dedicated to serving themselves

- Both enjoyed limited but solid support
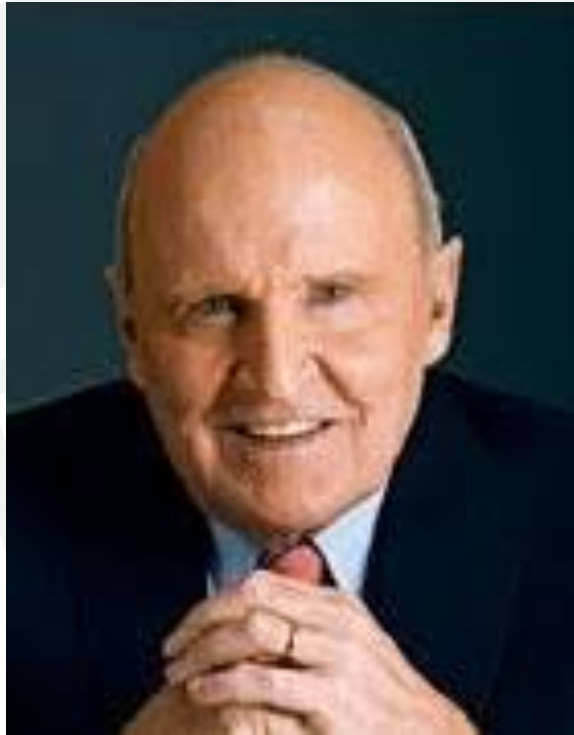
- Both created mixed legacies
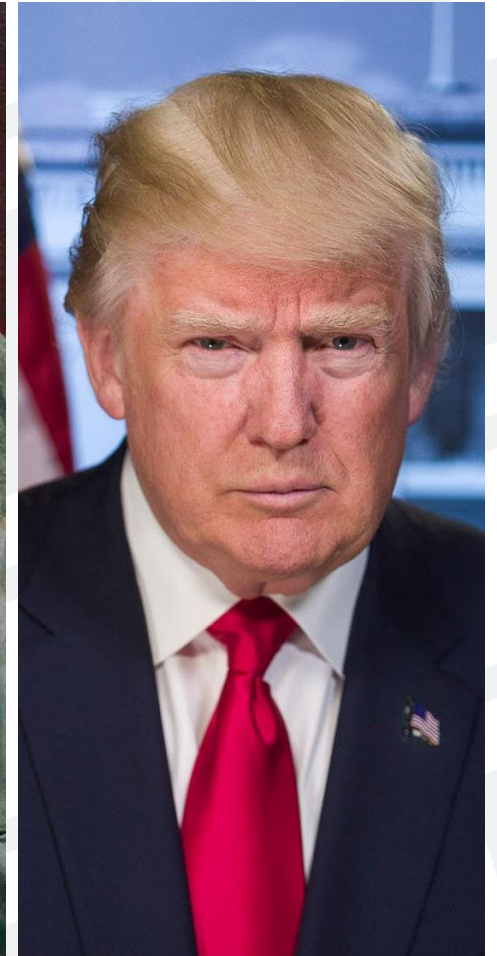
Humility has consequences:
Nelson and Grant

- Both men rose to the top of their country's political hierarchy based on their performance.

- Both were dedicated to serving their country.

- Both men were humble and admired by their subordinates

- Two of the greatest military leaders in history
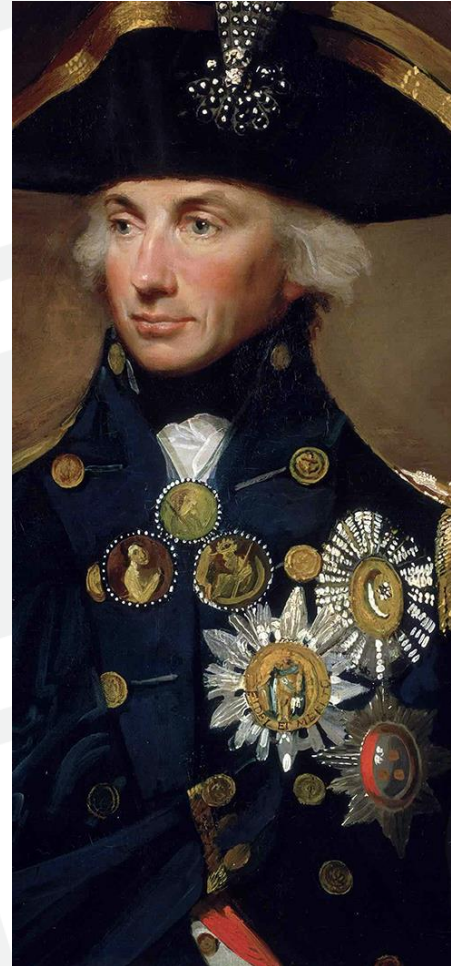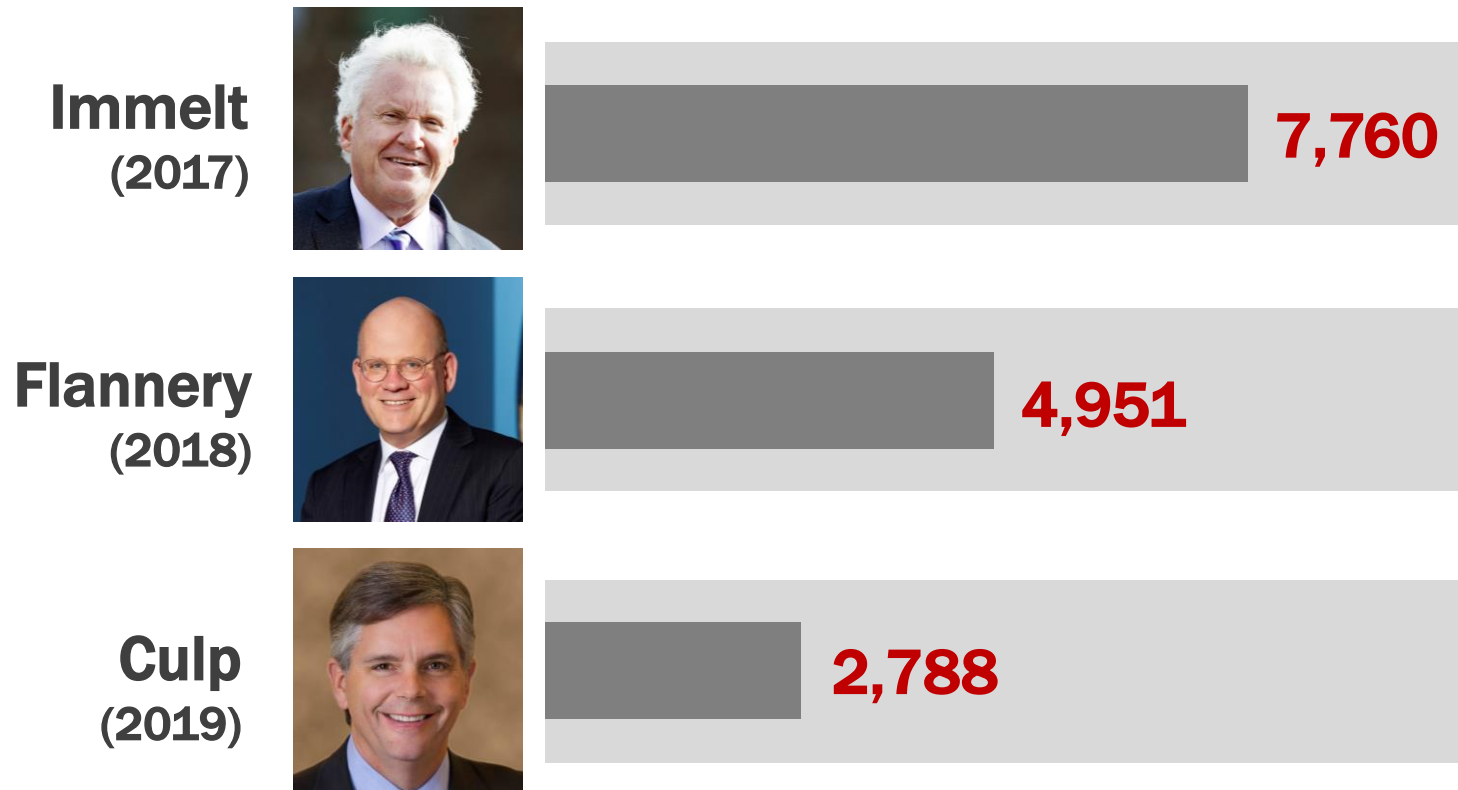
Narcissism and Humility in Business

"All of management is about self-confidence." Jack Welsh

"I never stopped trying to be qualified for my job." Darwin Smith

Word Count of CEO Shareholder Letters

Immelt (2017) — **7,760**

**Flannery** (2018) — **4,951**

Culp (2019) — **2,788**

Source: WSJ analysis of the letters (word count)

Emergence and Effectiveness

- Who are the high profile people in organizations?

- What is the relationship between being high profile and being an effective leader?

- This brings up the distinction between emergence and effectiveness.

- And this brings up Luthans' book…

# *Real Managers:* Emergence vs. Effectiveness
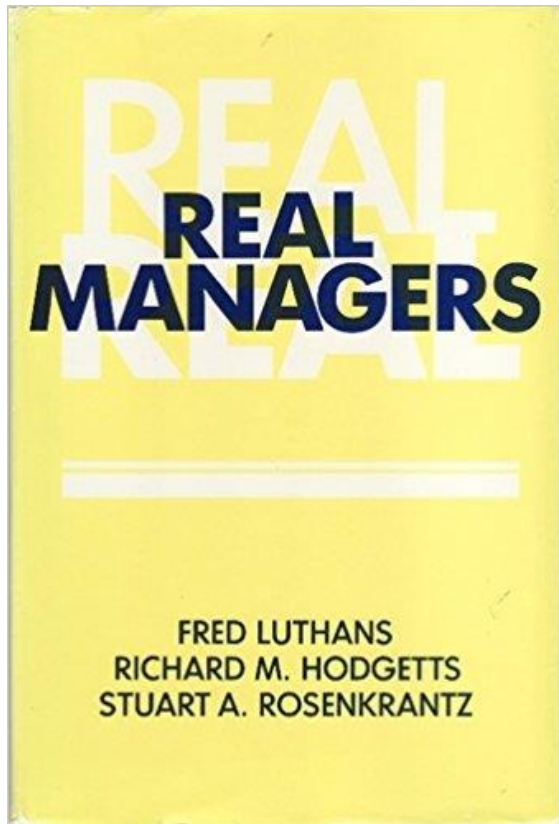
- Luthans' landmark research is often ignored.

- Studied 457 managers from different organizations over 4 years.

- Used assessments, interviews, ratings, and behavioral observations.

- Gathered performance data at end of study.

Real Managers: Emergence vs. Effectiveness

REAL MANAGERS

FRED LUTHANS
RICHARD M. HODGETTS
STUART A. ROSENKRANTZ
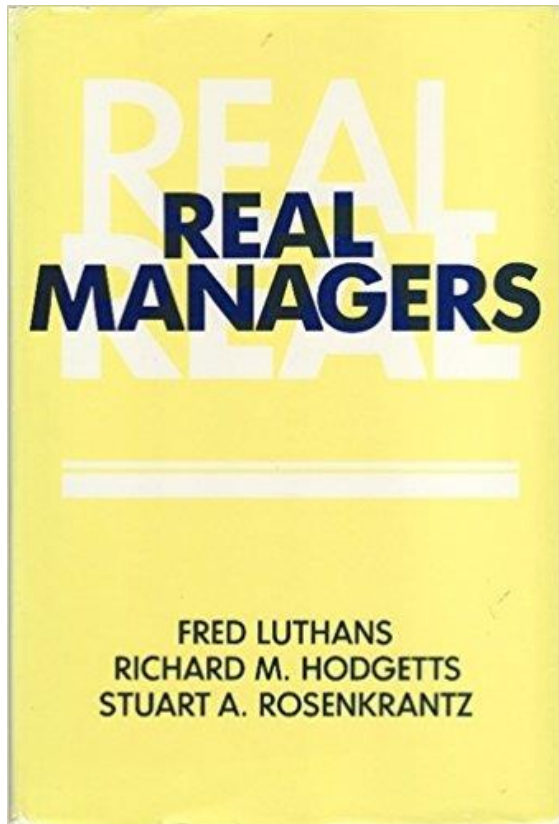
- Found two groups of high performers: (1) Those who advanced rapidly; (2) Those whose teams performed well.

- There was a 10% overlap in the groups (r = .30).

- Those who advanced rapidly spent their time networking. These people are high *Emergence*.

- Those whose teams performed well spent their time working with their teams. These people are high *Effectiveness*.

Jim Collins: *Good to Great*
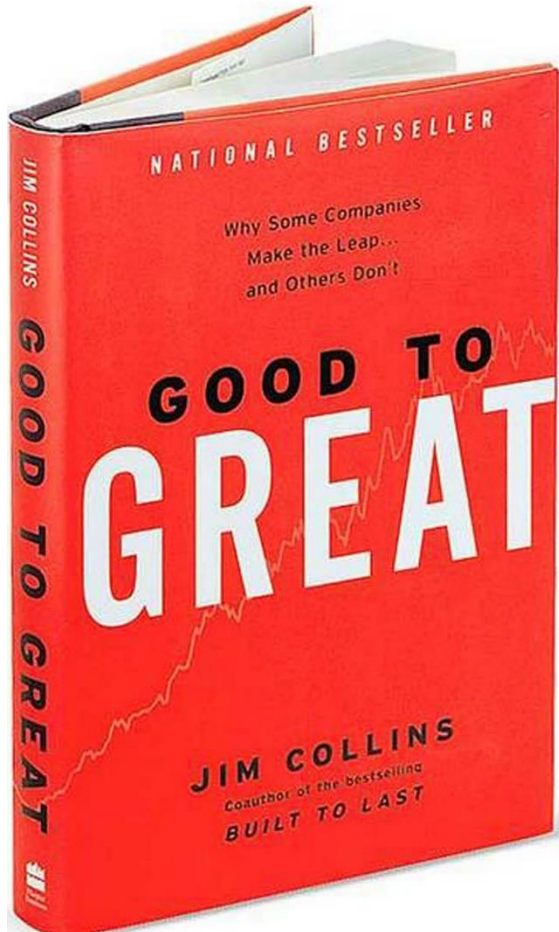
- Concerns leader *Effectiveness*.

- Found 11 Fortune 1000 companies with 15 years of mediocre performance and then 15 years of superior performance.

- The CEOs of the companies with superior performance were humble and competitive—not high emergent or charismatic.

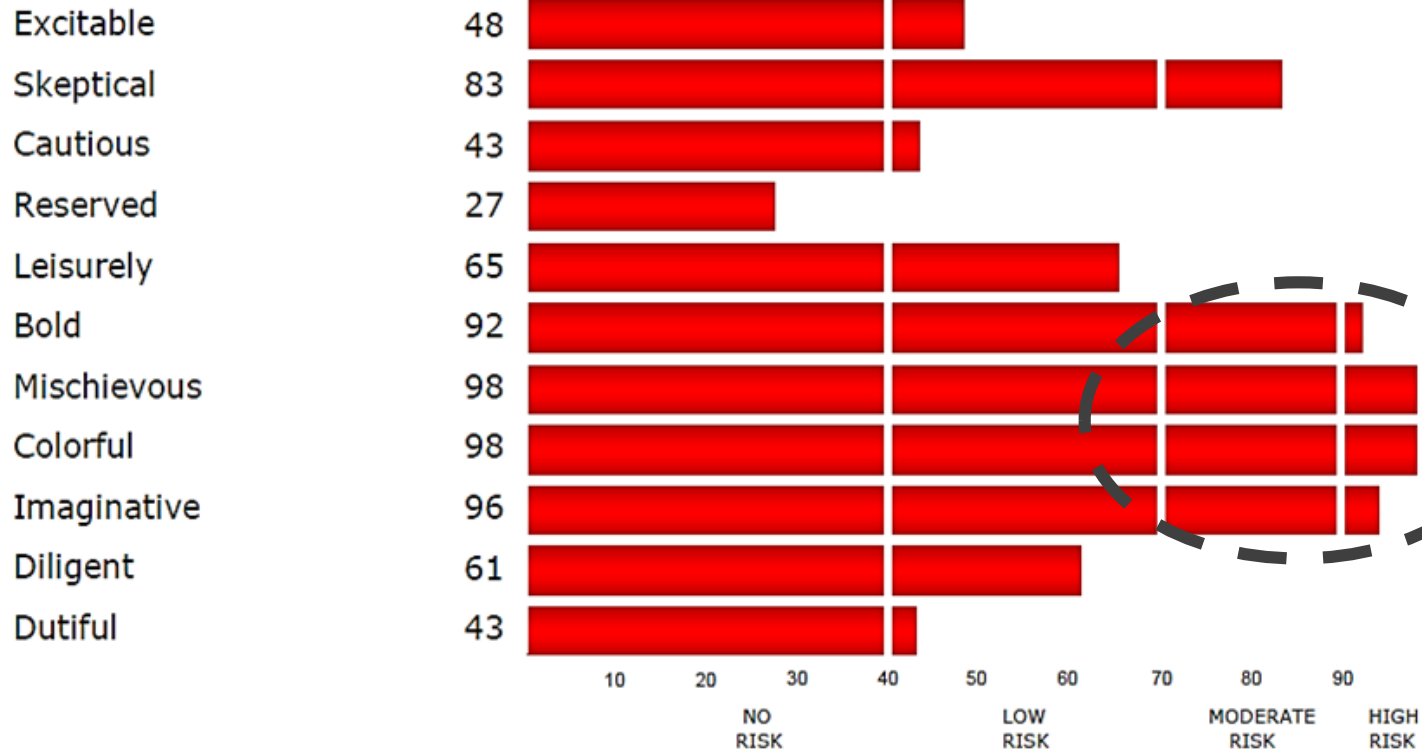- Say goodbye to the myth of charismatic leadership.

Problem-Driven Leadership

- A 2017 MIT study supports Collins' findings.

- MIT graduates have started 30,200 businesses with 4.6 million employees and $1.9 trillion in annual revenues.

- Annual revenues behind Russia but ahead of India.

- MIT leadership is problem-focused, technically competent, open-minded, data driven, apolitical, collaborative, and avoids trappings of leadership (corner office, etc.)

- Well-known exemplars are Sergio Marchionne (Fiat-Chrysler), Hubert Joly (Best Buy), and Alan Mullaly (Ford).

Characteristics of Effective Leaders

- Integrity

- Competence

- Judgment

- Vision

- Humility

- Ambitious and competitive: driven to improve performance, feel they have something to prove

Charisma Cluster

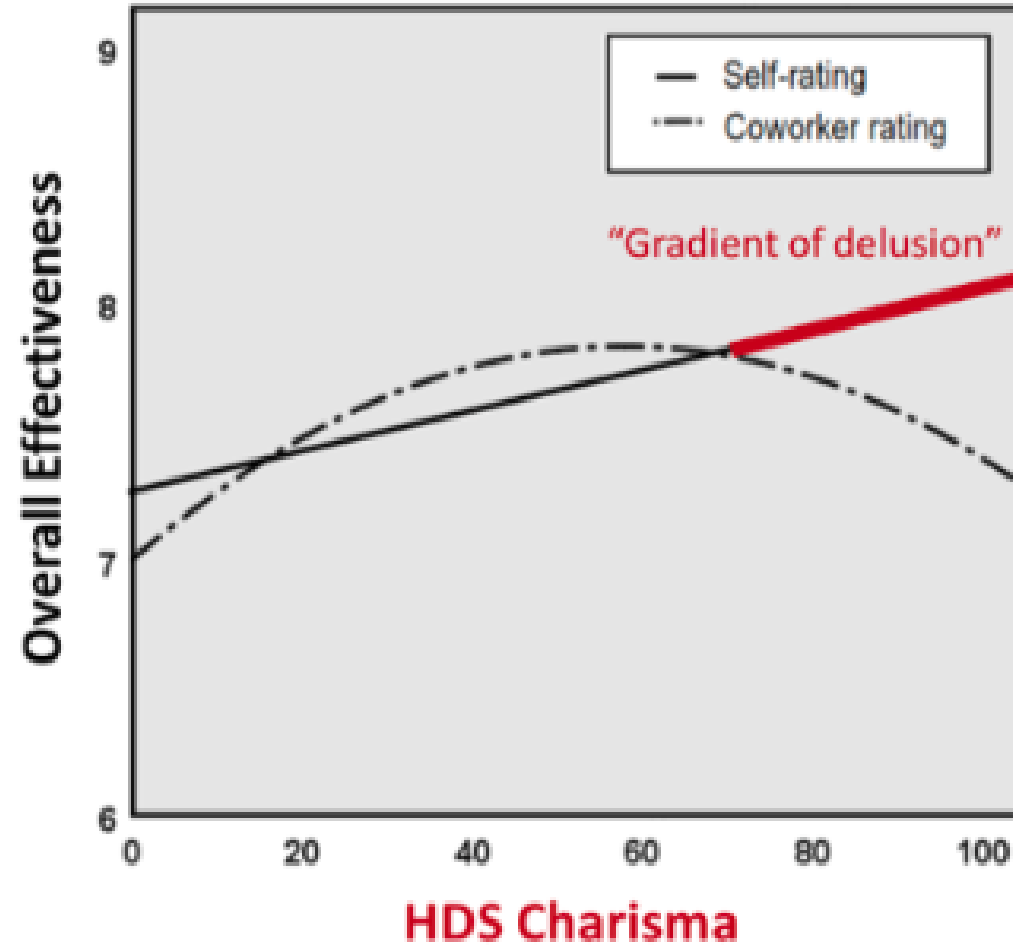**BOLD**   Socially poised, arrogant, and entitled

MISCHIEVOUS   Charming, manipulative, and impulsive

COLORFUL   Smart, interesting and self-dramatizing

IMAGINATIVE   Creative, impractical, and eccentric

Performance: Self vs Others

Source: Vergauwe, Wille, B., Hofmans, J., Kaiser, R., & De Fruyt, F. (2018) The Double-Edged Sword of Leader Charisma. *Journal of Personality and Social Psychology*, 114, 110-130.

Humility

Humble individuals tend to:

- Admit their mistakes and limitations

- Spotlight others' contributions

- Listen to and learn from others

- Make fun of themselves

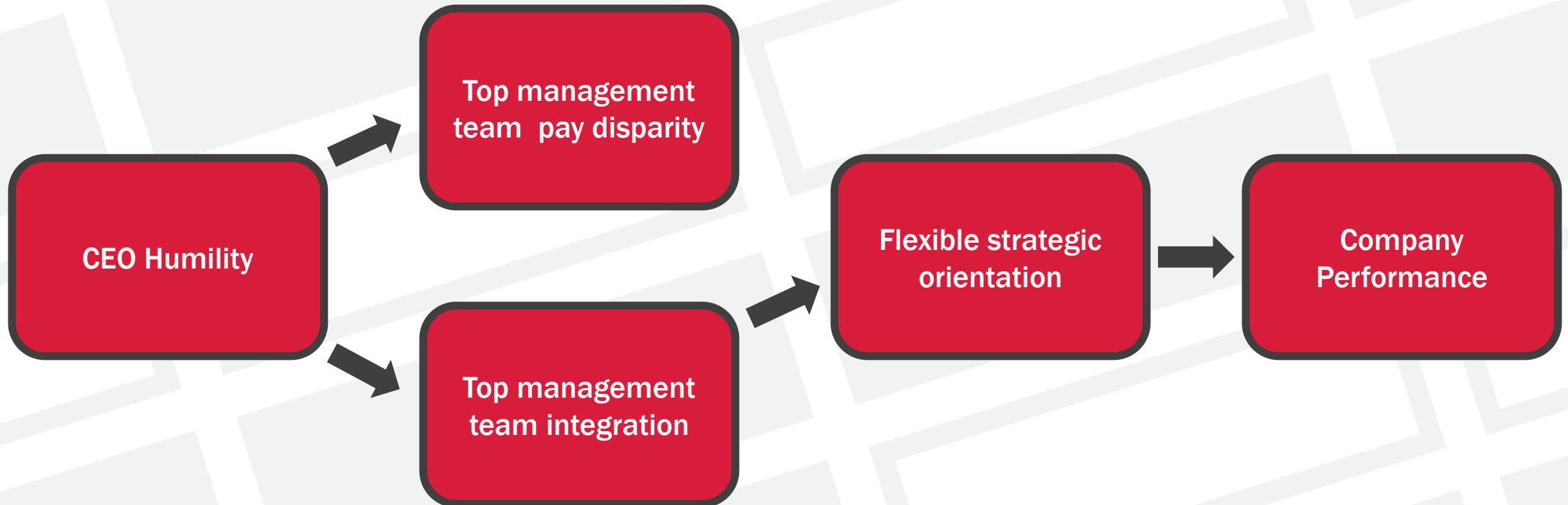- Not feel entitled

- Have egalitarian values

What Humble Leaders Do

- Focus on team performance, not their individual performance

- Channel ambition back into the organization vs for personal gain

- Foster a culture of development by encouraging learning and personal development

- Build a culture of openness, trust, and recognition

Correlates of Hogan Humility scale

- In-role performance (Positive)

- Organizational citizenship behavior (Positive)

- Counterproductive work behaviors (Negative)

- Affective well-being of staff (Positive)

- Job satisfaction of staff (Positive)

- Engagement of staff (Positive)

- Turnover intentions of staff (Negative)

Humility and Company Performance

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CEO Humility ──┬──► Top management team pay disparity
               │
               └──► Top management team integration ──► Flexible strategic orientation ──► Company Performance
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Source: Ou, Amy Y., Waldmon, David A., Peterson, Suzanne J. (2015). Do Humble CEOs Matter? An Examination of CEO Humility and Firm Outcomes. Journal of Management Vol. XX No. X, Month XXXX 1–27

Developing Humility

- Actively recognize others' achievements

- Actively work to understand your limitations

- Be willing to acknowledge mistakes

- Ask for and listen to feedback; accept that your way is not the only way

- Work to earn the respect of your colleagues; don't assume you are entitled to it

- Monitor your self-promoting behaviors

Final Thoughts

- Charismatic leaders focus on themselves

- Humble leaders focus on the team and organization (Drucker's mirror and window analogy)

- Charisma destroys engagement

- Humility creates engagement

- Organizations that value charisma often overlook their most effective leaders

- The next generation of effective leaders may be hidden in plain sight