

America, the organization Kopp started, became one of the most respected educational initiatives in the United States. As the organization has grown larger, it has come under attack, but most observers agree it has changed education for the better and it continues to harness the idealism of young college graduates as a force for good.¹⁶

There are opportunities for leadership all around us that involve influence and change toward a desired goal or outcome. The leaders of tomorrow's organizations will come from anywhere and everywhere, just as they always have. Do you have the capacity and commitment required for taking a leadership role in your school, community, or workplace? You can start now, wherever you are, to practice leadership in your own life. Leadership is an everyday way of acting and thinking that has little to do with a title or formal position in an organization. As we will discuss in the following section, business leaders need to understand this tenet more than ever in the world of the twenty-first century.

THE NEW REALITY FOR LEADERS

Social media. Globalization. Mobile commerce. Geopolitical wars. Renewable technologies and smart machines. Outsourcing. Climate change and resource scarcity. Telecommuting and virtual teams. Cybercrime. Redistribution of economic power. Massive changes in the world mean today's leaders are facing challenges they couldn't even imagine just a few years ago.¹⁷ In a survey by the Center for Creative Leadership, 84 percent of leaders surveyed say the definition of effective leadership changed significantly within the first few years of the twenty-first century.¹⁸ And that was even *before* social and mobile technologies began reshaping everyday life and work. Social connectedness and mobility are becoming central aspects of every leader's job.

Some historians and other scholars believe our world is undergoing a transformation more profound and far-reaching than any experienced since the dawn of the modern age and the Industrial Revolution more than 500 years ago. Today's leaders operate in a world where little is certain, the pace is relentless, and everything is more complex. This transformation requires a transition from a traditional to a new leadership paradigm, as outlined in Exhibit 1.2.¹⁹ A **paradigm** is a shared mindset that represents a fundamental way of thinking about, perceiving, and understanding the world.

Although many leaders are still operating from an old-paradigm mindset, as outlined in the first column of Exhibit 1.2, they are increasingly ineffective. Successful leaders will respond to the new reality outlined in the second column of the exhibit.

From Stabilizer to Change Manager

In the past, many leaders assumed that if they could just keep things running on a steady, even keel, the organization would be successful. Yet today's world is in constant motion, and nothing seems certain anymore. If leaders still had an illusion of stability at the dawn of the twenty-first century, it is surely shattered by now. Consider the following recent events:

- A powerful earthquake in Japan in 2011 triggered massive tsunami waves that damaged the nuclear reactors at the Fukushima Daiichi power plant and led to the shutdown of numerous companies, creating supply chain disruptions for manufacturers around the world. In the wake of the disaster, managers at

NEW LEADER ACTION MEMO

As a leader, you can recognize opportunities for leadership and act to influence others and bring about changes for a better future.



Go to CengageNOW to complete the questionnaire "Intolerance of Ambiguity" and see how comfortable you would be dealing with the uncertainty facing today's leaders.

Paradigm

a shared mindset that represents a fundamental way of thinking about, perceiving, and understanding the world

LEADER'S BOOKSHELF

Great by Choice: Uncertainty, Chaos, and Luck—
Why Some Thrive Despite Them All

by Jim Collins and Morten T. Hansen



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Every company is subject to periods of instability, uncertainty, and crisis. Bad luck can strike any leader and any organization. How do some companies manage to thrive despite circumstances that cause others to fall hard and fall fast?

Jim Collins, the author of *Good to Great*, has been looking at companies that perform better than their peers for a long time. For *Great by Choice*, he teams with management professor Morten Hansen to describe the leadership choices that contribute to success.

LEADER CHOICES MAKE THE DIFFERENCE

Great by Choice first describes organizations, called 10Xers, that have outperformed their industry averages by at least 10 times over a period of at least 15 years and compares them to similar, less successful companies. The 10Xers include Southwest Airlines, Amgen, Intel, and

Progressive Insurance. Leaders of 10X companies all share three characteristics:

- **Fanatic Discipline.** The authors use the metaphor of the 20 Mile March, a paced, consistent journey toward goals that requires both the ambition to achieve and the self-control to hold back. 10X leaders prefer consistent gains over shoot-for-the-moon risks. Andrew Grove at Intel, for example, abandoned the business of making memory chips only after thoroughly learning about the changing technology environment and business environment.
- **Empirical Creativity.** An entire chapter is devoted to the “fire bullets, then cannonballs” approach. Leaders in 10X companies tend to fire bullets to see what will work and only then bring out the big guns. “After the cannonball hits,” they write, “you keep 20 Mile Marching to make the most of your big success.”

- **Productive Paranoia.** Herb Kelleher, founder and former CEO of Southwest Airlines, was always preparing for the next recession, even when none was in sight. 10X leaders “remain productively paranoid in good times, recognizing that it’s what they do before the storm that matters most.” They are always building buffers and putting in place shock absorbers to deal with unexpected events.

THRIVING IN CHAOS

Leaders of 10X companies “care as much about values as victory, as much about purpose as profit.” This enables them to build companies that endure. They create companies that don’t thrive on chaos and uncertainty but can survive and even thrive in it.

Source: *Great by Choice*, by Jim Collins and Morten T. Hansen, is published by HarperBusiness.

diverse culture and workforce.³⁰ Two business school graduates in their twenties discovered the importance of diversity when they started a specialized advertising firm. They worked hard, and as the firm grew, they hired more people just like themselves—bright, young, intense college graduates who were committed and hard working. The firm grew to about 20 employees over two and a half years, but the expected profits never materialized. The two entrepreneurs could never get a handle on what was wrong, and the firm slid into bankruptcy. Convinced the idea was still valid, they started over, but with a new philosophy. They sought employees with different ages, values, ethnic backgrounds, and work experience. People had different styles, yet the organization seemed to work better. People played different roles, and the diverse experiences of the group enabled the firm to respond to unique situations and handle a variety of organizational and personal needs. The advertising firm is growing again, and this time it is also making a profit.

From Hero to Humble

Another shift is the move from celebrating the “leader-as-hero” to recognizing the hard-working behind-the-scenes leader who quietly builds a strong enduring company by supporting and developing others rather than touting his or her own abilities and successes.³¹ Recall from this chapter’s opening example how Abraham Lincoln made an intentional choice early in his political career to use his abilities to serve the interests of the American people rather than to feed his own ego. This chapter’s *Consider This* box presents 10 commandments based on 1950s western



LEADER'S SELF-INSIGHT 1.1

See It Online

Complete this assignment online with CengageNOW

Your Learning Style: Using Multiple Intelligences

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Instructions: Multiple-intelligence theory suggests that there are several different ways of learning about things in a topsy-turvy world; hence there are multiple "intelligences," of which five are interpersonal (learn via interactions with others), intrapersonal (own inner states), logical-mathematical (rationality and logic), verbal-linguistic (words and language), and musical (sounds, tonal patterns, and rhythms). Most people prefer one or two of the intelligences as a way of learning, yet each person has the potential to develop skills in each of the intelligences.

The items below will help you identify the forms of intelligence that you tend to use or enjoy most, as well as the forms that you use less. Please check each item below as Mostly False or Mostly True for you.

	Mostly False	Mostly True
1. I like to work with and solve complex problems.	_____	_____ ✓
2. I recently wrote something that I am especially proud of.	_____	_____ ✓
3. I have three or more friends.	_____	_____ ✓
4. I like to learn about myself through personality tests.	_____	_____ ✓
5. I frequently listen to music on the radio or iPod-type player.	_____	_____ ✓
6. Math and science were among my favorite subjects.	_____	_____ ✓
7. Language and social studies were among my favorite subjects.	_____ ✓	_____
8. I am frequently involved in social activities.	_____	_____ ✓
9. I have or would like to attend personal growth seminars.	_____	_____ ✓
10. I notice if a melody is out of tune or off key.	_____	_____ ✓
11. I am good at problem solving that requires logical thinking.	_____ ✓	_____
12. My conversations frequently include things I've read or heard about.	_____	_____ ✓

- When among strangers, I easily find someone to talk to. _____
- I spend time alone meditating, reflecting, or thinking. _____
- After hearing a tune once or twice, I am able to sing it back with some accuracy. _____

Scoring and Interpretation

Count the number of items checked Mostly True that represent each of the five intelligences as indicated below.

- Questions 1, 6, 11: Logical-mathematical intelligence.
Mostly True = 2.
- Questions 2, 7, 12: Verbal-linguistic intelligence.
Mostly True = 2.
- Questions 3, 8, 13: Interpersonal intelligence.
Mostly True = 0.
- Questions 4, 9, 14: Intrapersonal intelligence.
Mostly True = 2.
- Questions 5, 10, 15: Musical intelligence.
Mostly True = 3.

Educational institutions tend to stress the logical-mathematical and verbal-linguistic forms of learning. How do your intelligences align with the changes taking place in the world? Would you rather rely on using one intelligence in depth or develop multiple intelligences? Any intelligence above for which you received a score of three is a major source of learning for you, and a score of zero means you may not use it at all. How do your intelligences fit your career plans and your aspirations for the type of leader you want to be?

Sources: Based on Kirsi Tirri, Petri Nokelainen, and Martin Ubani, "Conceptual Definition and Empirical Validation of the Spiritual Sensitivity Scale," *Journal of Empirical Theology* 19 (2006), pp. 37-62; and David Lazear, "Seven Ways of Knowing: Teaching for Multiple Intelligences," (Palatine, IL: IRI/Skylight Publishing, 1991).

film star Gene Autry's Cowboy Code that can be regarded as applicable to new-paradigm leaders even today.

One reason for the shift from hero to humble is that it is less and less realistic for an individual leader to meet all the challenges a team or organization faces in a complex and rapidly changing world. Another is that ambitious, highly self-confident, charismatic leaders have been at the forefront of some of the ethical scandals and business failures of recent years. The hero leader may make more risky and daring decisions, often without considering the greater good, whereas a humble



Consider This!

Should Leaders Live by the Cowboy Code?

1. A cowboy never takes unfair advantage—even of an enemy.
2. A cowboy never goes back on his word or betrays a trust.
3. A cowboy always tells the truth.
4. A cowboy is kind and gentle with children, the elderly, and animals.
5. A cowboy is free from racial or religious prejudice.
6. A cowboy is always helpful and lends a hand when anyone is in trouble.
7. A cowboy is a good worker.
8. A cowboy stays clean in thought, speech, action, and personal habits.
9. A cowboy respects womanhood, parents, and the laws of his nation.
10. A cowboy is a patriot to his country.

Source: Gene Autry's Cowboy Commandments are reported, with some variations in wording, in multiple sources.

leader will seek advice and take time to think through the possible consequences of his or her actions.³²

Jim Collins, author of *Good to Great* and *Great by Choice*, calls this new breed “Level 5 leaders.”³³ In contrast to the view of great leaders as larger-than-life personalities with strong egos and big ambitions, Level 5 leaders often seem shy and unpretentious and have no need to be in the limelight. They are more concerned with the success of the team or company than with their own success.

These leaders are characterized by an almost complete lack of ego, coupled with a fierce resolve to do what is best for the organization. They accept full responsibility for mistakes, poor results, or failures, but they typically give credit for successes to other people. One corporate example is Sir Terry Leahy, who recently retired after more than a decade leading Britain's Tesco. That is a long and successful tenure for a leader that most people know little about. Leahy didn't court personal publicity, much to the chagrin of journalists, and he put his energies into promoting Tesco and its employees rather than himself.³⁴ Although most research regarding the new type of leader has been on corporate CEOs like Sir Terry Leahy, it is important to remember that new-paradigm or Level 5 leaders are in all positions in all types of organizations.

NEW LEADER ACTION MEMO

As a leader, you can respond to the reality of change and crisis, the need for empowerment, collaboration, and diversity, and the importance of a higher purpose. You can channel your ambition toward achieving larger organizational goals rather than feeding your own ego.

HOW LEADERSHIP DIFFERS FROM MANAGEMENT

Management can be defined as the attainment of organizational goals in an effective and efficient manner through planning, organizing, staffing, directing, and controlling organizational resources. So, what is it that distinguishes the process of leadership from that of management? Managers and leaders are not inherently different types of people. There are managers at all hierarchical levels who are also good leaders, and many people can develop the qualities needed for effective leadership and management. Both are essential in organizations and must be integrated effectively



Management

the attainment of organizational goals in an effective and efficient manner through planning, organizing, staffing, directing, and controlling organizational resources

NEW LEADER ACTION MEMO

You can evaluate your own leadership potential by completing the quiz in Leader's Self-Insight 1.2.

Vision

a picture of an ambitious, desirable future for the organization or team

to lead to high performance.³⁵ That is, leadership cannot replace management; the two have to go hand-in-hand.

Exhibit 1.3 compares management to leadership in five areas crucial to organizational performance—providing direction, aligning followers, building relationships, developing personal qualities, and creating leader outcomes.³⁶

Providing Direction

Both leadership and management are concerned with providing direction for the organization, but there are differences. Management focuses on establishing detailed plans and schedules for achieving specific results, then allocating resources to accomplish the plan. Leadership calls for creating a compelling vision of the future, setting the context within which to view challenges and opportunities, and developing far-sighted strategies for producing the changes needed to achieve the vision. Whereas management calls for keeping an eye on the bottom line and short-term results, leadership means keeping an eye on the horizon and the long-term future.

A **vision** is a picture of an ambitious, desirable future for the organization or team. It can be as lofty as Motorola's aim to "become the premier company in the world" or as down-to-earth as the Swedish company IKEA's simple vision "to provide affordable furniture for people with limited budgets."

EXHIBIT 1.3 Comparing Management and Leadership

	Management	Leadership
Direction:	<ul style="list-style-type: none"> • Plan and budget • Minimize risk for sure results • Focus on bottom line 	<ul style="list-style-type: none"> • Create vision and strategy • Maximize opportunity • Keep eye on horizon
Alignment:	<ul style="list-style-type: none"> • Organize and staff • Direct and control • Create structure and order 	<ul style="list-style-type: none"> • Create shared culture and values • Provide learning opportunities • Encourage networks and flexibility
Relationships:	<ul style="list-style-type: none"> • Invest in goods • Use position power • Focus people on specific goals 	<ul style="list-style-type: none"> • Invest in people • Use personal influence • Inspire with purpose and trust
Personal Qualities:	<ul style="list-style-type: none"> • Emotional distance • Expert mind • Talking • Conformity • Insight into organization 	<ul style="list-style-type: none"> • Emotional connections (Heart) • Open mind (Mindfulness) • Listening (Communication) • Nonconformity (Courage) • Insight into self (Character)
Outcomes:	<ul style="list-style-type: none"> • Maintain stability; create a culture of efficiency 	<ul style="list-style-type: none"> • Create change and a culture of agility and integrity

Aligning Followers

Management entails organizing a structure to accomplish the plan; staffing the structure with employees; and developing policies, procedures, and systems to direct employees and monitor implementation of the plan. Leadership is concerned instead with communicating the vision and developing a shared culture and set of core values that can lead to the desired future state. Whereas the vision describes the destination, the culture and values help define the journey toward it so that everyone is lined up in the same direction.

Leadership provides learning opportunities so people can expand their minds and abilities and assume responsibility for their own actions. Think about classes you have taken at your college or university. In some classes, the professor tells students exactly what to do and how to do it, and many students expect this kind of direction and control. Have you ever had a class where the instructor instead inspired and encouraged you and your classmates to find innovative ways to meet goals? The difference reflects a rational management versus a leadership approach.

Building Relationships

In terms of relationships, management focuses on getting the most results out of people so that production goals are achieved and goods and services are provided to customers in a timely manner. Leadership, on the other hand, focuses on investing more in people so they are energized and inspired to accomplish goals.

Whereas the management relationship is based on position and formal authority, leadership is a relationship based on personal influence and trust. For example, in an authority relationship, both people accept that a manager can tell a subordinate to be at work at 7:30 A.M. or her pay will be docked. Leadership, on the other hand, relies on influence, which is less likely to use coercion. The role of leadership is to attract and energize people, motivating them through purpose and challenge rather than rewards or punishments.³⁷ The differing source of power is one of the key distinctions between management and leadership. Take away a manager's formal position, and will people choose to follow her? That is the mark of a leader.

Developing Personal Leadership Qualities

Leadership is more than a set of skills; it relies on a number of subtle personal qualities that are hard to see but that are very powerful. These include things like enthusiasm, integrity, courage, and humility. First of all, good leadership springs from a genuine caring for the work and a genuine concern for other people. The process of management generally encourages emotional distance, but leadership means being emotionally connected to others. Where there is leadership, people become part of a community and feel that they are contributing to something worthwhile. Whereas management means providing answers and solving problems, leadership requires the courage to admit mistakes and doubts, to listen, and to trust and learn from others.

Developing leadership qualities takes work. For leadership to happen, leaders may have to undergo a journey of self-discovery and personal understanding.³⁸ Leadership experts agree that a top characteristic of effective leaders is that they know who they are and what they stand for. In addition, leaders have the courage to act on their beliefs.

True leaders tend to have open minds that welcome new ideas rather than closed minds that criticize new ideas. Leaders listen and discern what people want and need more than they talk to give advice and orders. Leaders are willing to be nonconformists,

NEW LEADER ACTION MEMO

As a leader, you can awaken your leadership qualities of enthusiasm, integrity, courage, and moral commitment. You can make emotional connections with followers to increase your leadership effectiveness.



LEADER'S SELF-INSIGHT 1.2

See It Online

Complete this assignment online with CengageNOW

Your Leadership Potential

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Instructions: Questions 1–6 below are about you right now. Questions 7–14 are about how you would like to be if you were the head of a major department at a corporation. Answer Mostly False or Mostly True to indicate whether the item describes you accurately or whether you would strive to perform each activity as a department head.

Now	Mostly False	Mostly True
1. When I have a number of tasks or homework assignments to do, I set priorities and organize the work to meet the deadlines.	_____	_____ ✓
2. When I am involved in a serious disagreement, I hang in there and talk it out until it is completely resolved.	_____	_____ ✓
3. I would rather sit in front of my computer than spend a lot of time with people.	_____ ✓	_____
4. I reach out to include other people in activities or when there are discussions.	_____	_____ ✓
5. I know my long-term vision for career, family, and other activities.	_____	_____ ✓
6. When solving problems, I prefer analyzing things myself to working through them with a group of people.	_____	_____ ✓

Head of Major Department	Mostly False	Mostly True
1. I would help subordinates clarify goals and how to reach them.	_____ ✓	_____ ✓
2. I would give people a sense of long-term mission and higher purpose.	_____	_____ ✓
3. I would make sure jobs get out on time.	_____	_____ ✓

- I would scout for new product or service opportunities.
- I would give credit to people who do their jobs well.
- I would promote unconventional beliefs and values.
- I would establish procedures to help the department operate smoothly.
- I would verbalize the higher values that I and the organization stand for.

Scoring and Interpretation

Count the number of Mostly True answers to even-numbered questions: 5. Count the number of Mostly True answers to odd-numbered questions: 6. Compare the two scores.

The even-numbered items represent behaviors and activities typical of leadership. Leaders are personally involved in shaping ideas, values, vision, and change. They often use an intuitive approach to develop fresh ideas and seek new directions for the department or organization. The odd-numbered items are considered more traditional management activities. Managers respond to organizational problems in an impersonal way, make rational decisions, and work for stability and efficiency.

If you answered yes to more even-numbered than odd-numbered items, you may have potential leadership qualities. If you answered yes to more odd-numbered items, you may have management qualities. Management qualities are an important foundation for new leaders because the organization first has to operate efficiently. Then leadership qualities can enhance performance. Both sets of qualities can be developed or improved with awareness and experience.

Sources: Based on John P. Kotter, *Leading Change* (Boston, MA: Harvard Business School Press, 1996), p. 26; Joseph C. Rost, *Leadership for the Twenty-first Century* (Westport, CT: Praeger, 1993), p. 149; and Brian Dumaine, "The New Non-Manager Managers," *Fortune* (February 22, 1993), pp. 80–84.

to disagree and say no when it serves the larger good, and to accept nonconformity from others rather than try to squeeze everyone into the same mindset.

Creating Outcomes

The differences between management and leadership create two differing outcomes, as illustrated at the bottom of Exhibit 1.3. Management maintains a degree of

stability, predictability, and order through a *culture of efficiency*. Leadership, on the other hand, creates change, often radical change, within a *culture of agility and integrity* that helps the organization thrive over the long haul by promoting openness and honesty, positive relationships, and long-term innovation. Leadership facilitates the courage needed to make difficult and unconventional decisions that may sometimes hurt short-term results.


EVOLVING THEORIES OF LEADERSHIP


To understand leadership as it is viewed and practiced today, it is important to recognize that the concept of leadership has changed over time. Leadership typically reflects the larger society, and theories have evolved as norms, attitudes, and understandings in the larger world have changed.³⁹

Historical Overview of Major Approaches

The various leadership theories can be categorized into six basic approaches, each of which is briefly described in this section. Many of these ideas are still applicable to leadership studies today and are discussed in various chapters of this text.

Great Man Theories This is the granddaddy of leadership concepts. The earliest studies of leadership adopted the belief that leaders (who were always thought of as male) were born with certain heroic leadership traits and natural abilities of power and influence. In organizations, social movements, religions, governments, and the military, leadership was conceptualized as a single “Great Man” who put everything together and influenced others to follow along based on the strength of inherited traits, qualities, and abilities.

 **Trait Theories** Studies of these larger-than-life leaders spurred research into the various traits that defined a leader. Beginning in the 1920s, researchers looked to see if leaders had particular traits or characteristics, such as intelligence or energy, that distinguished them from non-leaders and contributed to success. It was thought that if traits could be identified, leaders could be predicted, or perhaps even trained. Although research failed to produce a list of traits that would always guarantee leadership success, the interest in leadership characteristics has continued to the present day.

 **Behavior Theories** The failure to identify a universal set of leadership traits led researchers in the early 1950s to begin looking at what a leader does rather than who he or she is. One line of research focused on what leaders actually do on the job, such as various management activities, roles, and responsibilities. These studies were soon expanded to try to determine how effective leaders differ in their behavior from ineffective ones. Researchers looked at how a leader behaved toward followers and how this correlated with leadership effectiveness or ineffectiveness. Chapter 2 discusses trait and behavior theories.

Contingency Theories Researchers next began to consider the contextual and situational variables that influence what leadership behaviors will be effective. The idea behind contingency theories is that leaders can analyze their situation and tailor their behavior to improve leadership effectiveness. Major situational variables are

the characteristics of followers, characteristics of the work environment and follower tasks, and the external environment. Contingency theories, sometimes called *situational theories*, emphasize that leadership cannot be understood in a vacuum separate from various elements of the group or organizational situation. Chapter 3 covers contingency theories.

Influence Theories These theories examine influence processes between leaders and followers. One primary topic of study is *charismatic leadership* (Chapter 12), which refers to leadership influence based not on position or formal authority but, rather, on the qualities and charismatic personality of the leader. Related areas of study are *leadership vision* (Chapter 13) and *organizational culture* (Chapter 14). Leaders influence people to change by providing an inspiring vision of the future and shaping the culture and values needed to attain it. Several chapters of this text relate to the topic of influence because it is essential to understanding leadership.

Relational Theories Since the late 1970s, many ideas of leadership have focused on the relational aspect, that is, how leaders and followers interact and influence one another. Rather than being seen as something a leader does to a follower, leadership is viewed as a relational process that meaningfully engages all participants and enables each person to contribute to achieving the vision. Interpersonal relationships are seen as the most important facet of leadership effectiveness.⁴⁰ Two significant relational theories are *transformational leadership* (Chapter 12) and *servant leadership* (Chapter 6).

Other important relational topics covered in various chapters of the text include the personal qualities that leaders need to build effective relationships, such as emotional intelligence, a leader's mind, integrity and high moral standards, and personal courage. In addition, leaders build relationships through motivation and empowerment, leadership communication, team leadership, and embracing diversity.

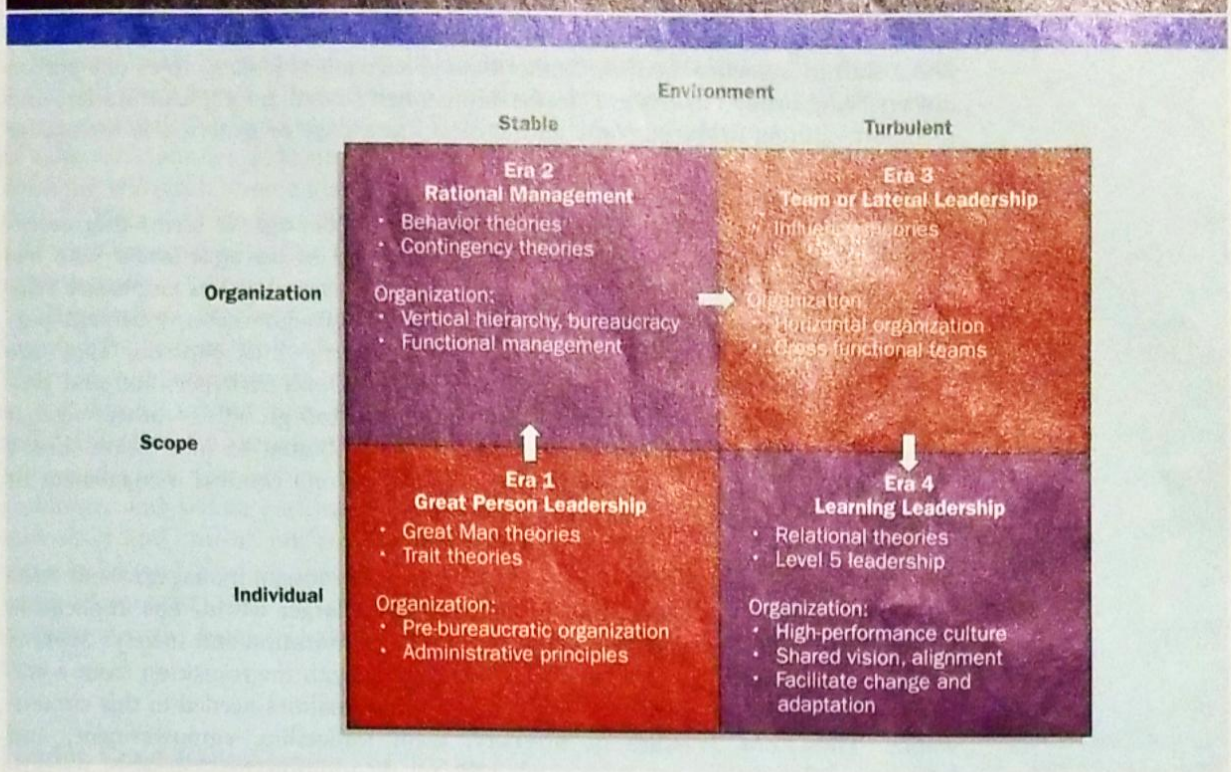
A Model of Leadership Evolution

Exhibit 1.4 provides a framework for examining the evolution of leadership from the early Great Man theories to today's relational theories. Each cell in the model summarizes an era of leadership thinking that was dominant in its time but may be less appropriate for today's world.⁴¹

Leadership Era 1 This era may be conceptualized as pre-industrial and pre-bureaucratic. Most organizations were small and were run by a single individual who many times hired workers because they were friends or relatives, not necessarily because of their skills or qualifications. The size and simplicity of organizations and the stable nature of the environment made it easy for a single person to understand the big picture, coordinate and control all activities, and keep things on track. This is the era of Great Man leadership and the emphasis on personal traits of leaders. A leader was conceptualized as a single hero who saw the big picture and how everything fit into a whole.

Leadership Era 2 In Era 2, we see the emergence of hierarchy and bureaucracy. Although the world remains stable, organizations have begun to grow so large that they require rules and standard procedures to ensure that activities are performed efficiently and effectively. Hierarchies of authority provide a sensible

EXHIBIT 1.4 Leadership Evolution



mechanism for supervision and control of workers, and decisions once based on rules of thumb or tradition are replaced with precise procedures. This era sees the rise of the “rational manager” who directs and controls others using an impersonal approach. Employees aren’t expected to think for themselves; they are expected to do as they’re told, follow rules and procedures, and accomplish specific tasks. The focus is on details rather than the big picture.

The rational manager was well-suited to a stable environment. The behavior and contingency theories worked here because leaders could analyze their situation, develop careful plans, and control what happened. But rational management is no longer sufficient for leadership in today’s world.

Leadership Era 3 This era represented a tremendous shock to managers in North America and Europe. Suddenly, the world was no longer stable, and the prized techniques of rational management were no longer successful. Beginning with the OPEC oil embargo of 1972 to 1973 and continuing with the severe global competition of the 1980s and early 1990s, many managers saw that environmental conditions had become chaotic. The Japanese began to dominate world commerce with their ideas of team leadership and superb quality. This became an era of great confusion for leaders. They tried team-based approaches, downsizing, reengineering, quality programs, and empowerment as ways to improve performance and get more motivation and commitment from employees.

NEW LEADER ACTION MEMO

As a leader, you can use the leadership skills that fit the correct era for your organization. You can use influence and relational aspects as appropriate for your organization.

This is the era of the team leader and the change leader. Influence was important because of the need to change organizational structures and cultures. This era sees the emergence of knowledge work, an emphasis on horizontal collaboration, and a shift to influence theories. Rather than conceiving of leadership as one person always being firmly “in charge,” leadership is often shared among team leaders and members, shifting to the person with the most knowledge or expertise in the matter at hand.⁴²

Leadership Era 4 Enter the digital, mobile, social-media age. It seems that everything is changing, and changing fast. Era 4 is the era of the **agile leader** who has made the leap to giving up control in the traditional sense. Leaders emphasize relationships and networks, and they influence others through vision, meaning, purpose, and values rather than management authority and control. They are constantly experimenting, learning, and changing, in both their personal and professional lives, and they encourage the development and growth of others so that followers are expanding their capabilities and contributing to innovation. Era 4 requires the full scope of leadership that goes far beyond rational management or even team leadership.

Implications The flow from Great Man leadership to rational management to team leadership to agile leadership illustrates trends in the larger world. The implication is that leadership reflects the era or context of the organization and society. Most of today’s organizations and leaders are still struggling with the transition from a stable to a chaotic environment and the new skills and qualities needed in this circumstance. Thus, Era 3 issues of diversity, team leadership, empowerment, and horizontal relationships are increasingly relevant. In addition, many leaders are rapidly shifting into Era 4 leadership by focusing on change management and facilitating a vision and values to encourage high performance, agility, and continuous adaptation in a fast-shifting world. Agile leaders align themselves with new social technologies that can create networks of leaders throughout the organization. Era 3 and Era 4 leadership is what much of this book is about.

NEW LEADER ACTION MEMO

Leader’s Self-Insight 1.3 gives you a chance to test your people skills and see if there are areas you need to work on.

LEADERSHIP CAN BE LEARNED

Many leaders are caught in the transition between the practices and principles that defined the industrial era and the new reality of the twenty-first century. Attempts to achieve collaboration, empowerment, and diversity in organizations may fail because the beliefs and thought processes of leaders as well as employees are stuck in an old paradigm that values control, stability, and homogeneity. It is difficult for many leaders to let go of methods and practices that have made them and their organizations successful in the past. Yet leaders can make the leap to a new paradigm by intentionally practicing and applying new paradigm principles.

Agile leader

a leader who is open to learning and change and encourages the growth and development of others

Leader Fatal Flaws

One of the most important aspects of shifting to the new paradigm of leadership is intentionally using soft, interpersonal skills to build a culture of performance, trust,

This is the era of the team leader and the change leader. Influence was important because of the need to change organizational structures and cultures. This era sees the emergence of knowledge work, an emphasis on horizontal collaboration, and a shift to influence theories. Rather than conceiving of leadership as one person always being firmly “in charge,” leadership is often shared among team leaders and members, shifting to the person with the most knowledge or expertise in the matter at hand.⁴²

Leadership Era 4 Enter the digital, mobile, social-media age. It seems that everything is changing, and changing fast. Era 4 is the era of the **agile leader** who has made the leap to giving up control in the traditional sense. Leaders emphasize relationships and networks, and they influence others through vision, meaning, purpose, and values rather than management authority and control. They are constantly experimenting, learning, and changing, in both their personal and professional lives, and they encourage the development and growth of others so that followers are expanding their capabilities and contributing to innovation. Era 4 requires the full scope of leadership that goes far beyond rational management or even team leadership.

Implications The flow from Great Man leadership to rational management to team leadership to agile leadership illustrates trends in the larger world. The implication is that leadership reflects the era or context of the organization and society. Most of today’s organizations and leaders are still struggling with the transition from a stable to a chaotic environment and the new skills and qualities needed in this circumstance. Thus, Era 3 issues of diversity, team leadership, empowerment, and horizontal relationships are increasingly relevant. In addition, many leaders are rapidly shifting into Era 4 leadership by focusing on change management and facilitating a vision and values to encourage high performance, agility, and continuous adaptation in a fast-shifting world. Agile leaders align themselves with new social technologies that can create networks of leaders throughout the organization. Era 3 and Era 4 leadership is what much of this book is about.

NEW LEADER ACTION MEMO

Leader’s Self-Insight 1.3 gives you a chance to test your people skills and see if there are areas you need to work on.

LEADERSHIP CAN BE LEARNED

Many leaders are caught in the transition between the practices and principles that defined the industrial era and the new reality of the twenty-first century. Attempts to achieve collaboration, empowerment, and diversity in organizations may fail because the beliefs and thought processes of leaders as well as employees are stuck in an old paradigm that values control, stability, and homogeneity. It is difficult for many leaders to let go of methods and practices that have made them and their organizations successful in the past. Yet leaders can make the leap to a new paradigm by intentionally practicing and applying new paradigm principles.

Leader Fatal Flaws

One of the most important aspects of shifting to the new paradigm of leadership is intentionally using soft, interpersonal skills to build a culture of performance, trust,

Agile leader

a leader who is open to learning and change and encourages the growth and development of others

CHAPTER 1 WHAT DOES IT MEAN TO BE A LEADER?

leader. Influence was important in structures and cultures. This era focused on horizontal collaboration, viewing leadership as one person shared among team leaders and large or expertise in the matter

era. It seems that every era of the **agile leader** who has a focus on relationship. Leaders emphasize relationship, vision, meaning, purpose, and control. They are focused on their personal and professional growth of others so that they can bring to innovation. Era 4 is characterized by rational management or

management to team world. The implication is on the transition from a status quo to a new paradigm. The transition needed in this circumstance is empowerment, and many leaders are rapidly embracing and facilitating change, agility, and continuous learning. They embrace new social structures within the organization. Era

practices and principles of the twenty-first century include diversity in organizational structures, leadership practices that have been proven to work. Leaders can make the transition to a new paradigm

of leadership is performance, trust,

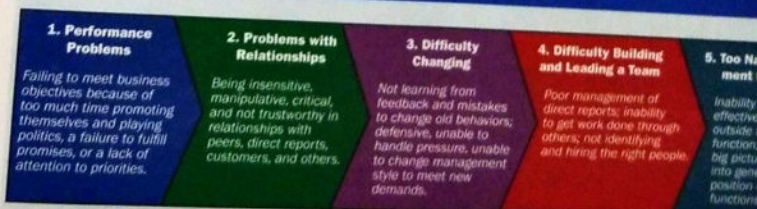
and collaboration. A few clues about the importance of acquiring new leadership skills are brought to light by studies that look at what causes managers to “derail” in their careers. **Derailment** refers to a phenomenon in organizations in which a manager with an impressive track record reaches a certain level but goes off track and can’t advance because of a mismatch between job needs and the manager’s personal skills and qualities.⁴³ Studies conducted in numerous organizations in different countries indicate that managers fail more frequently because they are deficient with soft, human skills rather than a lack of hard work or technical skills.⁴⁴ Derailed managers are successful people who excelled in a functional area and were expected to go far, but they reached a plateau, were fired, or were forced to retire early.

Researchers at the Center for Creative Leadership in Greensboro, North Carolina, have been looking at what causes manager derailment for two decades.⁴⁵ They conclude that there are five top flaws that cause managers to derail, as shown in Exhibit 1.5. Note that many of these flaws relate to the lack of human skills. Unsuccessful managers fail to meet business objectives because they spend too much time promoting themselves rather than working. They are overly ambitious and selfish and may not follow through on promises. They are often insensitive and critical, not trustworthy, do not learn from feedback and mistakes, can’t build and develop the right teams, and are unable to see the big picture when promoted into a general management position. Additional studies confirm that the biggest leader mistakes are people mistakes rather than technical ones.⁴⁶

Leader Good Behaviors

The best leaders, at all levels, are those who are genuinely interested in other people and find ways to bring out the best in them.⁴⁷ Successful organizations, such as Google, pay attention to developing leaders in the soft skills needed to effectively lead technical people in a changing environment.

EXHIBIT 1.5 Five Fatal Flaws That Cause Derailment



Source: Based on Yi Zhang, Jean Brittain Leslie, and Kelly M. Hannum, “Trouble Ahead: Derailment Is Alive and Well,” *Thunderbird International* (January–February 2013), pp. 95–102.

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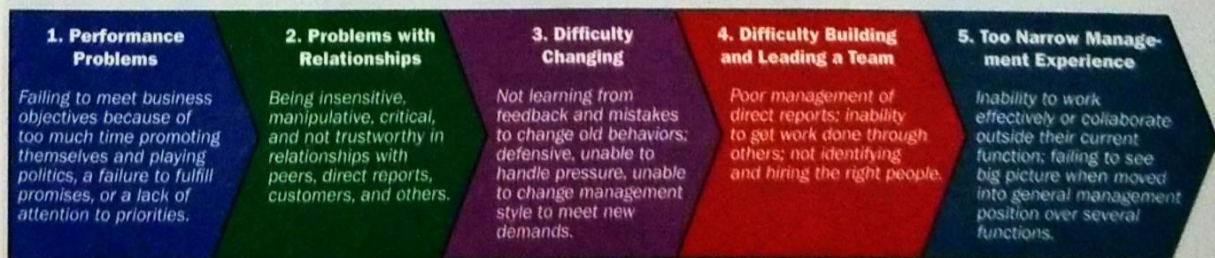
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LEADER'S SELF-INSIGHT 1.3



Complete this assignment online with CengageNOW.

Are You on a Fast Track to Nowhere?

Instructions: Many people on the fast track toward positions of leadership find themselves suddenly derailed and don't know why. Many times, a lack of people skills is to blame. To help you determine whether you need to work on your people skills, take the following quiz, answering each item as Mostly False or Mostly True. Think about a job or volunteer position you have now or have held in the past as you answer the following items.

People Skills	Mostly False	Mostly True
1. Other people describe me as very good with people.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. I frequently smile and laugh with teammates or classmates.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3. I frequently reach out to engage people, even strangers.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4. I often express appreciation to other people.	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Dealing with Authority	Mostly False	Mostly True
1. I quickly speak out in meetings when leaders ask for comments or ideas.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. If I see a leader making a decision that seems harmful, I speak up.	<input type="checkbox"/>	<input type="checkbox"/>
3. I experience no tension when interacting with senior managers, either inside or outside the organization.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. I have an easy time asserting myself toward people in authority.	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Networking	Mostly False	Mostly True
1. I spend part of each week networking with colleagues in other departments.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2. I have joined multiple organizations for the purpose of making professional contacts.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3. I frequently use lunches to meet and network with new people.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. I actively maintain contact with peers from previous organizations.	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Scoring and Interpretation

Tally the number of "Mostly Trues" checked for each set of questions.

People Skills: _____

Dealing with Authority: _____

Networking: _____

If you scored 4 in an area, you're right on track. Continue to act in the same way.

If your score is 2-3, you can fine-tune your skills in that area. Review the questions where you said Mostly False and work to add those abilities to your leadership skill set.

A score of 0-1 indicates that you may end up dangerously close to derailment. You should take the time to do an in-depth self-assessment and find ways to expand your interpersonal skills.

IN THE LEAD

Google

In 2013, Google was named the best company to work for by *Fortune* magazine for the fourth year in a row. Being a great place to work didn't happen by accident. Google's human resources department, called People Operations—or POPS for short—monitors employees' happiness and well-being to an incredible degree, using data to track everything and learn where improvements are needed.

One thing it discovered is that good leaders make a tremendous difference. Google looked at what successful leaders—those who have lower attrition rates and get better

performance from their teams—do that makes them different from less successful ones. Analyzing performance reviews and feedback surveys, Google executives used the findings to help make bad leaders better. Even in a company that depends on technical expertise, Google found that soft, human skills are essential. Technical expertise ranked dead last among eight desirable leader qualities, as shown in the exhibit below.

Google discovered that employees want leaders who listen to them, build positive and productive relationships, and show an interest in their lives and careers. When the company targeted unsuccessful leaders and coached them to develop soft skills and display these eight behaviors, the managerial ranks improved, with collective feedback scores going up every year since 2009.⁴⁸

Google's Eight Rules for Good Leader Behavior

1. Be a good coach.
2. Empower your team and don't micromanage.
3. Express interest in team members' success and personal well-being.
4. Don't be a sissy. Be productive and results-oriented.
5. Be a good communicator and listen to your team.
6. Help your employees with career development.
7. Have a clear vision and strategy for the team.
8. Have key technical skills so you can help advise the team.⁴⁹

The skills on Google's list of desirable behaviors can help leaders avoid the fatal flaws that derail careers. In addition, today's successful leaders intentionally value change over stability, empowerment over control, collaboration over competition, diversity over uniformity, and integrity over self-interest, as discussed earlier. The industry of *executive coaching* emerged partly to help people through the transition to a new paradigm of leadership. Executive coaches encourage leaders to confront their own flaws and hang-ups that inhibit effective leadership, and then help them develop stronger emotional and interpersonal skills.

MASTERING THE ART AND SCIENCE OF LEADERSHIP

There's an age-old question: Are leaders born or made? In one survey, 19 percent of top executives said leaders are born, 52 percent said they are made, and 29 percent said they are both born and made.⁵⁰ It may be true that some inborn qualities and personality characteristics can provide a foundation for being a good leader, but most people can learn to be good leaders no matter their innate characteristics. Interestingly, in the above-mentioned survey, both those who thought leaders are born and those who thought they are made mention learning from experience as a key to becoming a good leader.

Leadership can be learned, but it is important to remember that leadership is both an art and a science. It is an art because many leadership skills and qualities cannot be learned from a textbook. Leadership takes practice and hands-on experience, as well as intense personal exploration and development. However, leadership is also a science because a growing body of knowledge and objective facts describes the leadership process and how to use leadership skills to attain organizational goals. This is where a textbook or a course on leadership can help you to be a better leader.

NEW LEADER ACTION MEMO

As a leader, you can cultivate your people skills to avoid executive derailment. You can treat others with kindness, interest, and respect and avoid overmanaging by selecting good followers and delegating effectively.

"I suspect that the true heroes are largely unsung and prefer to remain that way. They prefer to give credit to others, to remain behind the scenes, to avoid grandiose statements and predictions and promises, and to perform better than anyone expected them to."

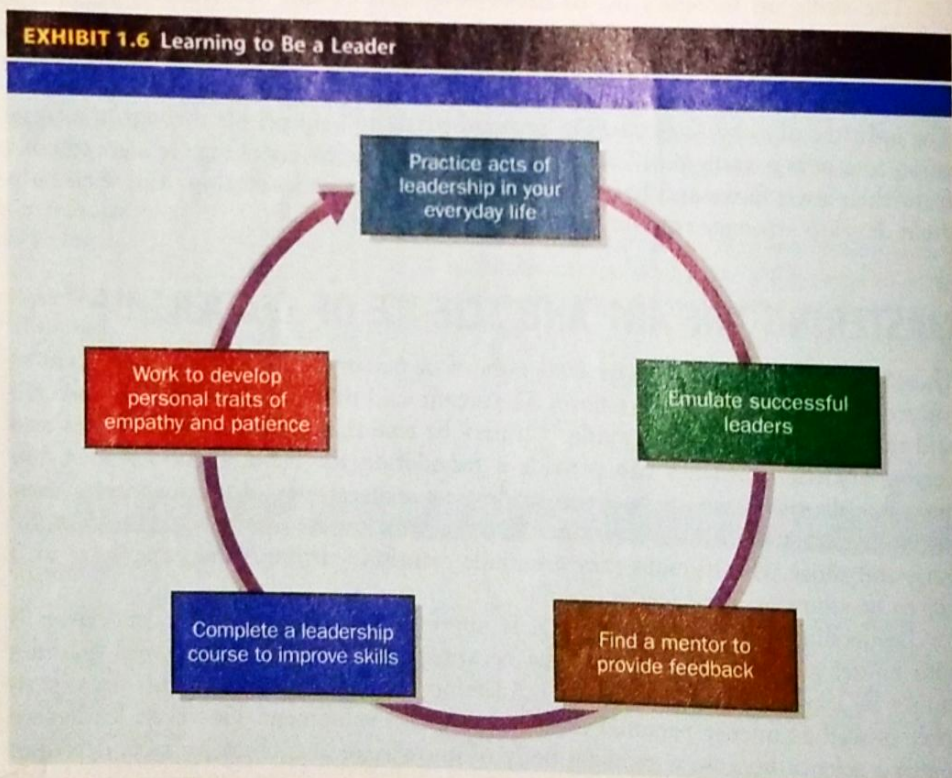
Howard Gardner,
Harvard Psychologist

PART 1 INTRODUCTION TO LEADERSHIP

Knowing about leadership research helps people analyze situations from a variety of perspectives and learn how to be more effective. By exploring leadership in both business and society, students gain an understanding of the importance of leadership to an organization's success, as well as the difficulties and challenges involved in being a leader. Studying leadership can also lead to the discovery of abilities you never knew you had. When students in a leadership seminar at Wharton were asked to pick one leader to represent the class, one woman was surprised when she outpolled all other students. Her leadership was drawn out not in the practice of leadership in student government, volunteer activities, or athletics but in a classroom setting.⁵¹ Studying leadership gives you skills you can apply to the practice of leadership in your everyday life. Exhibit 1.6 gives some tips for how you can begin honing your leadership skills.

Many people have never tried to be a leader because they have no understanding of what leaders actually do. The chapters in this book are designed to help you gain a firm knowledge of what leadership means and some of the skills and qualities that make a good leader. You can build competence in both the art and the science of leadership by completing the Self-Insight exercises throughout the book, by working on the activities and cases at the end of each chapter, and by applying the concepts you learn in class, in your relationships with others, in student groups, at work, and in voluntary organizations. Although this book and your instructors can guide you in your development, only you can apply the concepts and principles of leadership in your daily life. Learning to be a leader starts now, with you. Are you up to the challenge?

EXHIBIT 1.6 Learning to Be a Leader



Source: Based on "Guidelines for the Apprentice Leader," in Robert J. Allio, "Masterclass: Leaders and Leadership—Many Theories, But What Advice Is Reliable?" *Strategy & Leadership* 41, no. 1 (2013), pp. 4–14.

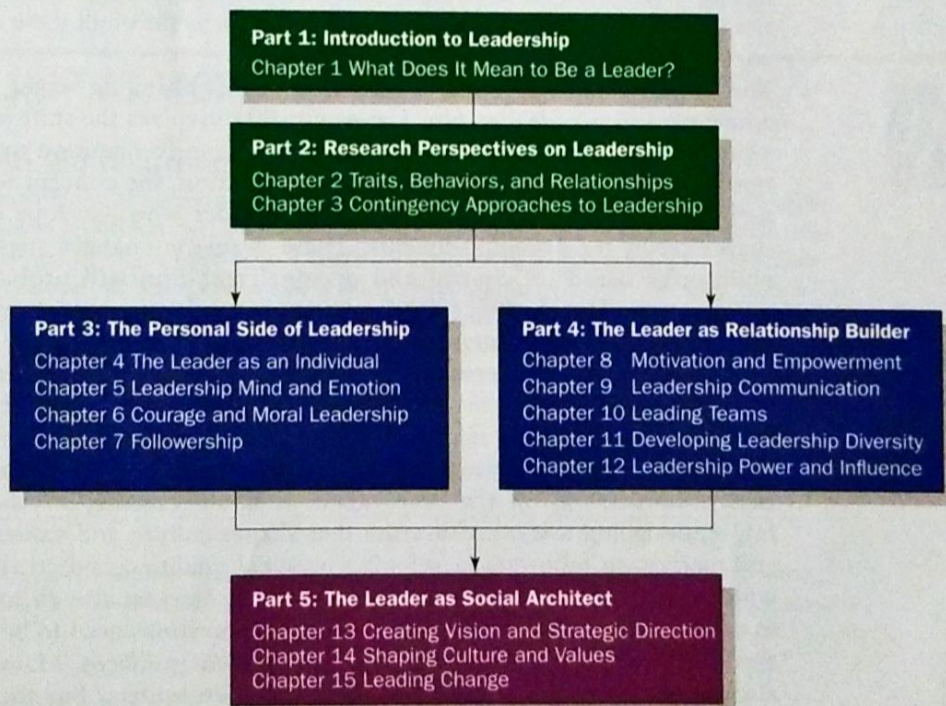
ORGANIZATION OF THIS BOOK

The plan for this book reflects the shift to a new paradigm summarized in Exhibit 1.2 and the discussion of management versus leadership summarized in Exhibit 1.3. The framework in Exhibit 1.7 illustrates the organization of the book.

Part 1 introduces leadership, its importance, and the transition to a new leadership paradigm. Part 2 explores basic research perspectives that evolved during a more stable time when rational management approaches were effective. These basic perspectives, including the Great Man and trait theories, behavior theories, and contingency theories, are relevant to dealing with specific tasks and individuals and are based on a premise that leaders can predict and control various aspects of the environment to keep the organization running smoothly.

Parts 3, 4, and 5 focus on leadership perspectives that reflect the paradigm shift to the turbulent, unpredictable nature of the environment and the need for fresh leader approaches. Part 3 discusses the personal side of leadership and looks at some of the qualities and forces that are required to be effective in the new reality. These chapters emphasize the importance of self-awareness and self-understanding, the development of one's own leadership mind and heart, moral leadership and courage, and appreciating the role of followership. Part 4 is about building effective relationships, including motivating and empowering others, communicating as a leader, leading teams, embracing the diversity of today's world, and using power and influence.

EXHIBIT 1.7 Framework for the Book



Part 5 brings together all of these ideas to examine the leader as builder of a social architecture that can help an organization create a brighter future. These chapters deal with creating vision and strategic direction, aligning culture and values to achieve the vision, and leading change.

Taken together, the sections and chapters paint a complete portrait of the leadership experience as it has evolved to the present day and emphasize the new paradigm skills and qualities that are relevant from today and into the future. This book blends systematic research evidence with real-world experiences and impact.



Now that you've read the chapter, check out how today's leaders are applying these concepts. Log in to **CengageNOW** to follow the leaders on Twitter.

LEADERSHIP ESSENTIALS

- This chapter introduced the concept of leadership and explained how individuals can grow as leaders. Leadership is defined as an influence relationship among leaders and followers who intend real changes and outcomes that reflect their shared purposes. Thus leadership involves people in a relationship, influence, change, a shared purpose, and taking personal responsibility to make things happen. Most of us are aware of famous leaders, but most leadership that changes the world starts small and may begin with personal frustrations about events that prompt people to initiate change and inspire others to follow them. Your leadership may be expressed in the classroom, at work, or in your neighborhood, religious community, or volunteer organizations.
- Concepts of leadership have evolved over time. Major research approaches include Great Man theories, trait theories, behavior theories, contingency theories, influence theories, and relational theories. Elements of all these approaches are still applicable to the study of leadership.
- The biggest challenge facing leaders today is the changing world that wants a new paradigm of leadership. The new reality involves the shift from stability to change, from control to empowerment, from competition to collaboration, and from uniformity to diversity. In addition, the concept of leader as hero is giving way to that of the humble leader who develops others and shares credit for accomplishments. These dramatic changes suggest that a philosophy based on control and personal ambition will probably fail in the new era. The challenge for leaders is to evolve to a new mindset that relies on human skills, integrity, and teamwork.
- The “soft” skills of leadership complement the “hard” skills of management, and both are needed to effectively guide organizations. Although leadership is often equated with good management, leadership and management are different processes. Management strives to maintain stability and improve efficiency. Leadership, on the other hand, is about creating a vision for the future, designing social architecture that shapes culture and values, inspiring and motivating followers, developing personal qualities, and creating change within a culture of integrity. Leadership can be integrated with management to achieve the greatest possible outcomes. Organizations need to be both managed and led, particularly in today's turbulent environment. Many managers already have the qualities needed to be effective leaders, but they may not have gone through the process needed to bring these qualities to life.

Leadership is an intentional act. It is important to remember that most people are not born with natural leadership skills and qualities, but leadership can be learned and developed.

DISCUSSION QUESTIONS

1. Look through recent magazines and newspapers and identify one leader who seems to illustrate the “leader-as-hero” mindset and one who seems more typical of the humble Level 5 leader described in the text. Describe their differing characteristics. Which was easier to find?
2. What do you consider your own strengths and weaknesses for leadership? Discuss your answer with another student.
3. Of the elements in the leadership definition as illustrated in Exhibit 1.1, which is the easiest for you? Which is hardest? Explain.
4. How might the paradigm shift from competition to collaboration make the job of a leader more difficult? Could it also make the leader’s job easier? Discuss.
5. Describe the best leader you have known. How did this leader acquire his or her capability?
6. Why do you think there are so few people who succeed at both management and leadership? Is it reasonable to believe someone can be good at both? Discuss.
7. Discuss some recent events and societal changes that might have contributed to a shift “from hero to humble.” Do you agree or disagree that humility is important for good leadership?
8. “Leadership is more concerned with people than is management.” Do you agree? Discuss.
9. What personal capacities should a person develop to be a good leader versus those developed to be a good manager?
10. Why is leadership considered both an art and a science?

LEADERSHIP AT WORK

Leadership Right–Wrong

Leader Wrong: Think of a specific situation in which you were working with someone who was in a leadership position over you and that person was doing something that was wrong for you. This person might have been a coach, teacher, team leader, employer, immediate boss, family member, or anyone who had a leadership position over you. “Wrong for you” means that person’s behavior reduced your effectiveness, made you or your coworkers less productive, and was demotivating to you or your colleagues. *Write a few words below that describe what the leader was doing that was wrong for you.*

Think of a second situation in which someone in a leadership position did something wrong for you. *Write a few words below that describe what the leader was doing that was wrong for you.*



Complete this assignment online with CengageNOW.