The Leadership Industry and Using Leadership Research Effectively

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The Leadership Industry: the State of Play

There is little doubt that the "leadership industry" is big business. Management is obviously preoccupied with it … and so is the community. Everybody has their own idea of what 'good leadership' is - although this may not be well-reflected about or articulated. A recent lead article for a significant national magazine[1] complained about both large and small consulting firms in the leadership industry developing home-grown instruments which had little or no research behind them to support their commercial claims.

Nevertheless the money continues to be spent. People attend expensive one day seminars or large scale presentations to be close to the great ones who have "made it all happen" in some area of organisational life. What long term assessment is made of such investments? The sad thing is management buys into this. If it feels good it must be good. What do people really learn from these one-off events which took place in another situation, another context, with probably totally different kinds of people and relational challenges. Underlying this is a lack of sophistication (or might one even say a lack of confidence) about being able to discriminate between good leadership research, measurement and training and poor leadership development - or, worse still, not utilitising leadership research at all.

How many managers or human resource practitioners are confident about asking for, and then evaluating reasonably competently, commercial claims that investing in leadership training and development provides a good return on investment? All too often when such people are presented with serious research which supports some aspect of an instrument or its links with desired outcomes, they become weak at the knees and smile incredulously, saying "thank you". Then they put it in the too hard basket and fall back on established provider networks. And so it goes on.

There is a real challenge here - for both management and the consulting-training industry. It is to move beyond impression management and high face validity to the more substantial matters of reliability, construct validity, predictive validity and statistically-supported links with measures of organisational outcomes. The challenge for the consulting industry is to unpack and present pure and applied research in a way that is understandable by management and internal professionals not trained in psychometrics or qualitative research methods. The challenge for management is to dare to require such evidence and to question traditional source providers about any research that is outthere to support their claims. It should not be enough for management to simply receive the assurance "our research shows that" …. What research? Is it transparent to external scrutiny? For example, has it been published in independent refereed journals? Or is the research said to be there but protected by "commercial intellectual property" considerations … in which case the implict suggestion is "just believe the marketing organisation".

Both sides of this engagement between management and the consulting-training professions have to move beyond the "if it looks good it must be good" assumption if people and organisations are to really do it better in outcome terms. Given the amount of money spent on the training and consulting aspects of the leadership industry, it is astonishing how little is actually spent evaluating successes or failures in these interventions. There are very few published leadership studies which do this. But one example is the study by Barling, Weber and Kelloway (1996). Avolio and Bass have also undertaken others (for example, Avolio and Bass, 1998).

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[1] Onsman, H 'The Consultant's of Swing' in Management Today, Australian Institute of Management, November/December 2000

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At another level, there exists a cynicism which is usually based on a sense of hopelessness that anything can be said with confidence about leadership in organisations. Despite forty or fifty years of serious research in leadership, writers can trumpet that "nothing much is known or proven" . They will selectively offer their opinion about what is "probably the best instrument in terms of research" without seeming to take into account the voluminous serious literature on the subject. Such writers seem to fall victim of the exact practice they criticise others for (an unfortunately common human failing). Management readers then read such comments and form their quick opinions - "that is the one to go for". It is out there, it is widely used, so it must be OK. But the research facts may be otherwise … there may be other, even better, well-researched options.

If this account of what I have called "the leadership industry" sounds somewhat dismal, then it is simply an attempt to call it as it is. Recently a survey was sent to over 6,000 managers in a random stratified sample. It contained one leadership instrument among several other scales. The interesting thing is not only did a reasonable percentage return the survey forms (these are busy people) but 35% also sent their business cards back as well - unsolicited. Perhaps this is a sign of the turning of the tide. Perhaps there is a real hunger out there for something that people can really hang their hats on - at least to some degree. Perhaps management is now asking some serious questions and looking for some serious answers about leadership.

Checking Our Assumptions About Leadership

Typically the first assumptions people have about leadership is that it is about 'an individual'. 'Are individual leaders born or made?' is a common question? Similarly, is it just about being in the right place at the right time and making the most of the opportunities, or can one actually learn to lead better with ones associates and followers? What would "doing it better" look like anyway? Could this be measured in some way in terms of performance outcomes or other measures such as satisfaction, extra effort and creativity in meeting challenges?

At this individual level, one can ask "what is the purpose of such leadership influence?" Is it for the self-aggrandisement of the leader and their objectives, or of the organisation and its objectives … or is it more broadly based in terms of the good of the whole organisation and beyond that for the good of society also? Does this influence help to build up others to help them achieve their potentials … or is it exploitive and manipulative aimed solely at achieving somebody else's gain? These are all important questions which can be asked at what researchers call 'the individual level of analysis of leadership'.

But leadership in organisatons is about much more than collections of individuals and the effect that they have on others around them. It is also about the influence of groups or teams in

organisations. Leadership at this level can be considered from two perspectives - the influence of the group on each individual group member (internal group or team leadership) - and the influence of the group or team on the rest of the organisation. Both perspectives are important and valid. Yet it is amazing how often these two perspectives are systematically omitted from any analysis of leadership. There are ways of measuring group level leadership phenomena.

Then there is the departmental or organisational level of analysis. This is often called the 'culture' of the organisation. Some leadership cultures are better than others in fostering greater adaptation and response to a fast changing environment. Some cultures are controlling - supporting the use of fear in checking for mistakes; discouraging reasonable risk-taking; discouraging acceptance of responsibility and certainly discouraging growth of people towards their potentials. Other more empowering leadership cultures encourage the appropriate challenging of assumptions about how to do it better, so creating openness and confidence. Such cultures are constantly transforming the perspectives of those who work within them. They are exciting and challenging places in which to work, and the adaptive outcomes for the whole organisation are better.

When it comes to the measurement of leadership it is critical to capture what is important. Linking performance and other outcomes for followers and associates is one such selection criteria. But only so much can be expected of pen-and-paper instruments. What can be measured and supported empirically should be celebrated and used: it provides a solid framework from which to work at the more qualitative and indeed intuitive levels.

So the challenge is for researchers to communicate with management and human resource professionals and vice versa - for the sake of the whole enterprise. Debunking confidence by peddling that "we know nothing" really about leadership … and it cannot be changed or developed anyway is completely counterproductive. But, of course, the implicit claim behind such a view can be "just trust the experience and skill of the facilitator, trainer or consultant." If the relationship feels OK "go for it"! If management really believed that, then they should stop spending the billions on leadership training and development exercises immediately and practice what they really believe.

In what follows, a brief review is undertaken of empirical leadership research. This review necessarily focuses only on broad areas of research. It does not claim to be in any sense comprehensive. But having regard to the foregoing discussion, the reader may find it to be a useful reference point to address some of the issues just surveyed about the state of what has been called the 'leadership industry' today.

What can be said about leadership based on research?

Considering leadership at the individual level, it is now well

established that there is only a low correlation between any particular set of *individual personality traits* or characteristics and those who are normally classified as 'leaders'. Among these, Stogdill (1948) found intelligence, alertness to the needs of others, task awareness, initiative and persistence, and self-confidence. Subsequently, the capacity for self-monitoring has also been found to be important (Dobbins, Long, Dedrick and Clemons, 1990). So while taking account of such individual characteristics is a consideration, given people's propensity to make strong evaluative judgements about personality attributes we need to be careful not to place too much reliance on this in selection strategies.

If we look at what are the key behaviours which have been demonstrated to be important in the effective leadership of groups and organisations, we find broad support for two dimensions. These have been called by different names: two alternative labels are *initiating structure* relating to the task or objective and *initiating consideration* towards individuals (Ohio State University studies), or *production-oriented* and *employee oriented* (Michigan University studies). Blake and Mouton (1964) proposed five management styles using low, medium and high leader behaviours on these two dimensions. But although the conceptual clarity of the model was appealing, extensive subsequent research demonstrated that the leadership style which was most effective was not a high-high on each dimension. It all depends strongly on the situation and the challenge. So taking account of the situation or context is important.

Fiedler (1967) originally proposed that leadership style is a constant characteristic of each person. The challenge was therefore understood to be matching the leader and the situation. But subsequent empirical research supports more flexible models of leadership style, depending on the situation, in order to optimise effective outcomes. For example, Vroom and Yetton's (1973) model (subsequently developed further by Vroom and Jago, 1988) assumed a flexible leadership style which changed with the type of problem addressed. Recent research has confirmed that there are indeed strong associations between a manager's *behaviour repertoire* and effectiveness - suggesting that a portfolio of behaviours is the most desirable and achievable (Hooijberg, 1996). These kinds of leadership sub-theories are usually grouped together as 'contingency theories'.

Hersey and Blanchard (1982) describe a theory on situational leadership behaviour which is dependent on recognising particular *phases of development* of followers and associates. However, although widely utilised in some organisations it has received mixed reviews in research studies. A similar variant of this situational-developmental approach was proposed by Schein (1992), but this time the situational variable was organisational development. Schein's may be termed an *organisation life cycle* theory (young, midlife, mature and declining phases in organisations). Each phase of an organisation's life requires a

different set of responses from their leaders. This focuses attention on the necessity for leaders to develop the capacity for deep personal insight about the relationship between their leadership style and the culture of the organisation they lead. This insight is necessary if they are to successfully lead the organisation through critical transition points in its development. However, empirical measurement of such contracts is difficult.

Given that different situations and contexts require different leadership responses, what then can be sensibly said about the *effects* of differing leadership styles? The continuum between autocratic and democratic leader behaviours has been extensively examined and the conclusion seems to be that groups and organisations are more *satisfied* with participative leader behaviours, but that this style does not generally translate into greater *productivity*.

The effects of dyadic leader-member exchanges on followers or group members has also received considerable attention and this research interest is continuing. The *leader-member exchange* (LMX) in-group / out-group theory by Graen, Novak and Sommerkamp (1982) has found strong general support. Recently, Thibodeaux and Lowe (1996) reported that in-group members and group leaders made greater use of *expert* and *referent power* than do out-group members with group leaders; the outside group with the leader also reported greater use of *coercive power*. This finding may be of particular significance for the increasing use of contractors in situations where work is out-sourced.

An important model for the motivation of individuals in work groups well-supported by research is the *path goal theory of motivation* (House, 1971). In this model, the leader's job is to assist followers in attaining their goals and providing necessary direction and support to help align those goals with those of the organisation. Path-goal leaders can have four styles: directive, supportive, participative or achievement-oriented depending on the needs of the followers.

Transformational Leadership

Since the 1980's, another order of magnitude has been defined and measured with regard to the effects of leader behaviours on followers. Viewed from this perspective, situational and contingency leadership theories of the kind we have been considering have been labeled as *transactional* approaches to leadership. These approaches assume exchanges of reinforcements by the leader that are contingent on followers' performance. By contrast, *transformational leadership* styles result in considerably enhanced effects on followers (Bass, 1985). At an earlier stage transformational leadership was assumed only for the elite. But research in the 1990's has found that these behaviours are much more pervasive throughout organisations and groups than was previously thought. Transformational leadership awareness and skills training therefore potentially raises leadership

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behaviour influence to new levels of importance.

Transformational leadership behaviour models build on the research of a number of people and groups (Avolio, 1999; Avolio, Bass and Jung, 1996; Bass, 1990; Bass and Avolio, 1993a; Bass and Avolio, 1993b; Conger and Kanungo, 1987; House, 1977; Kouzes and Posner, 1987; Lowe, Kroeck, & Sivasubramanian, 1996). Bass (1997) recently argued that the transactional - transformational leadership represents a leadership paradigm which is now supported by evidence gathered from all continents. He said this paradigm 'views leadership as either a matter of contingent reinforcement of followers by a transactional leader or the moving of followers beyond their self-interest for the good of the group, organisation, of society by a transformational leader' (Bass, 1997, p.130). Such behaviours therefore have strong ethical implications. It is important to note, however, that transformational leader styles do not replace transactional behaviours and associated motivational assumptions but significantly augment them to produce satisfaction, efficiency and extra-effort outcomes "beyond expectations".

There is now a substantial body of research which supports this extension of leadership theory and practice, and its effects. Recent studies have confirmed the efficacy of transformational leader styles in bringing about superior outcomes using independent indicators (for example, Podsakoff, Philip, MacKenzie and Bommer, 1996). Carless, Mann and Wearing (1996) also found that managers who were better managers differed significantly from weaker managers in their use of transformational leader styles. These styles are associated with large changes in organisations and groups. Crises foster the emergence of charismatic leaders who are then rated as more effective than group leaders who emerge in noncrisis situations (Pillai, 1996).

The *Full Range Leadership Model* (FRLM™ Bass and Avolio) summarises a considerable body of theory about leadership (for example, Avolio, 1999; Bass 1998). Transformational, transactional and avoidant leadership are three higher order factors which describe this full range of influencing styles (Avolio, Bass, and Jung, 1999). The model also spans a number of lower-order factors which capture leadership behaviours across cultures and at different organisational levels. Optimal balances need to be achieved between these behaviours over time in order to maximise desired outcomes with work associates in organisations. Transformational behaviours build on transactional styles. Passive or avoidant leadership results in negative outcomes for followers and associates.

This is a brief account of some major findings on leadership which hopefully will serve to illustrate that we do know a number of important things about leadership in organisations. We know that leadership traits or character is relatively unimportant, although the ethical dimension of leadership is as yet relatively unexplored.

Importantly, we have also identified some of the important variables which do make a difference:

- We do know that the contingency dimension of concern for the individual and concern for the task are important aspects for leaders and managers to balance in their work with others.

- We do know that some leadership styles are constant over time but that they are not necessarily a good predictor of performance.

- We know that the situation is important and that leaders need to be appropriately responsive to situational variables and constraints.

- We know that there are more powerful transformational influencing behaviours which result in larger outcome effects for followers and associates in organisations.

- We also know that passive or avoidant leadership has a negative effect on followers and associates.

There are, additionally, instruments available which are well-researched and reliable in terms of measuring some of these important dimensions of leadership. They may not capture the whole story but they are certainly important building blocks for any leadership training and development as part of interventions at multiple individual, group and department levels in organisational systems.

Finally, what has been said so far at first sight seems to apply to direct face-to-face encounters in groups and between individuals or to influencing at a distance between levels in organisations or through organisational culture. But there is a whole new and vitally important area concerned with how people influence each other in virtual relationships through e-mail and the Internet. Clearly this is an important issue for organisations which are using such information technology systems.

There is mounting evidence that there is often a mis-match between existing "leadership systems" in organisatons and the values or purposes associated with the design of IT systems. The failure rate in successfully implementing IT systems is high. The *human and leadership systems* are running to catch up. Group and organisational boundaries … and consequently individual, group and oganisational identities … are rapidly changing. IT systems are making new leadership systems possible which are capable of powerfully structuring intellectual capital. These are some of the important leadership issues currently facing us (Avolio and MLQ Pty Ltd, 2000).

To Conclude …

This article has sought to hold up a mirror on the leadership industry from the perspectives of both management and trainer / consultants. It has suggested that leadership must be reframed as

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a multiple level construct in organisatons and not just seen as an individual phenomenon. A brief account was then offered of some major empirical research findings to indicate that management,

and the leadership industry it supports, can do it better - through greater attention to empirically supported research findings and valid measurement instruments wherever possible.

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