A very smart political scientist friend used to say, “The fundamental question in human affairs is, who shall rule?” We think the fundamental question is, “Who should rule?”

Leadership is one of the most important topics in the human sciences, and historically one of the more poorly understood. With good leadership, people and organizations (governments, corporations, universities, hospitals, armies) thrive and prosper. Bad leaders perpetrate terrible misery on those subject to their domain.

When we first began studying leadership in the mid-1980s, we quickly discovered that the literature contained few defensible generalizations other than such nuggets as “leaders seem to be somewhat taller and a little bit brighter than their subordinates.” Since then we have been assembling a perspective on leadership that allows organizations to identify good and bad leaders, measure leader performance, and enhance business outcomes.
Defining Leadership

Leadership is usually defined in terms of a person’s status in an organization – if a person has the title, he or she must be a leader. However, consider what it takes to get ahead at most large, bureaucratic organizations.

Many such organizations rely on performance appraisals and supervisor nominations to identify and promote talented individuals. Because performance appraisals reflect how much supervisors like their subordinates, those designated high performers are often more skilled at office politics than leadership.

Human evolution suggests an alternative definition of leadership. During two million years of pre-history, humans lived in egalitarian hunter-gatherer societies, and there was constant warfare between them. Leadership evolved as a mechanism that allowed normally selfish individuals to pull together for a common purpose – to compete with neighboring groups and defend territory and resources.

This definition has three useful consequences. First, it clarifies the meaning and function of good leadership. Next, it makes it possible to define bad leadership. Finally, it makes it easy to evaluate leader performance.

Good Leaders

If leadership is the ability to build an effective team, then a good leader must be someone others are willing to follow. People look for four essential characteristics in leaders: integrity, judgment, competence, and vision.

1. **Integrity.** People need to know that the person in charge won’t take advantage of his or her position – won’t lie, steal, play favorites, and betray subordinates. Unfortunately, many do. Integrity is the most important characteristic of good leaders, and once subordinates lose trust in their

Leadership should be defined in terms of the ability to build and maintain a team that can outperform the competition.
leaders, the relationship can never be repaired. In a survey of more than 1,000 individuals, 81% said trustworthiness was the most important personality characteristic of their best bosses. Conversely, 50% described their worst boss as deceitful. Trust in one’s superior predicts the entire range of desirable organizational outcomes: productivity, job satisfaction, and organizational commitment.

2. **Judgment.** The success or failure of organizations depends on decision-making. Judgment has two parts: pre- and post-decision. First, effective leaders process information quickly and make good decisions in a timely way. Managers are involved in decision making all day, and the quality of their decisions accumulates. Second, effective leaders adjust when they make a mistake. Most business failures are the result of bad decisions that are compounded by an unwillingness to evaluate the decisions and change direction. The welfare of subordinates directly depends on the judgment of their superiors, and some people have better judgment than others.

3. **Competence.** Good leaders are perceived as knowing what they are talking about, as being competent in the team’s business. Subordinates see leaders who lack business acumen as empty suits and are unwilling to follow them. Our survey showed that 48% of respondents described their best boss as good at business strategy.

4. **Vision.** Good leaders explain to their team the significance of their mission and how it fits into the larger scheme of things. This vision clarifies roles, goals, and the way forward, thereby facilitating team performance. By adopting a vision, people can transcend their selfish interests and develop impersonal ends for their actions.
Good To Great

Most business books are empirical nonsense, but Jim Collins’ book, Good to Great, is an exception. He and his staff searched databases for Fortune 1000 companies to identify those that had 15 years of performance below the average of their business sector, then 15 years of sustained performance significantly above the average of their sector. They found 11 companies that fit this profile. The next question was, what distinguished these 11 companies? Their somewhat reluctant conclusion was that the distinguishing feature was a new CEO who took charge of the organization and then improved its performance.

These 11 CEOs all shared the same two characteristics above and beyond the four elements described above. First, they were modest and humble, as opposed to self-dramatizing and self-promoting. Second, they were phenomenally, almost preternaturally, persistent.

Bad Leaders

Despite the importance of leadership for effective team performance, research indicates that two-thirds of the managers in corporate America — business, government, education, healthcare — are ineffective or incompetent and ultimately will fail because they are unable to build or maintain a functioning team.

Hogan asked a large sample of working adults about the personalities of their best and worst bosses:
Building A Competency Model

The competency movement began in the 1970s with the work of David McClelland. McClelland’s model was designed to identify competencies that were specific to a particular job in a particular organization. Beginning in the early 1980s, the competency movement spread rapidly and quickly became chaotic and idiosyncratic. However, every existing competency model can be captured with the domain model proposed by Rodney Warrenfeltz, managing partner at Hogan.

### Intrapersonal Domain
- Internalized standards of performance; able to control emotions and behavior.
- Sample competencies include:
  - Courage and willingness to take a stand
  - Career ambition and perseverance
  - Integrity, ethics, and values
  - Core self esteem and emotional stability
  - Patience
  - Tolerance of ambiguity

### Business Domain
- Technical knowledge needed to plan, budget, coordinate, and monitor organizational activity.
- Sample competencies include:
  - Business acumen
  - Quality decision making
  - Intellectual horsepower
  - Functional/technical skills
  - Organizing ability
  - Priority setting
  - Developing an effective business strategy

### Interpersonal Domain
- Social skill, role taking and role-playing ability, talent for building and maintaining relationships.
- Sample competencies include:
  - Political savoir faire
  - Peer and boss relations
  - Self-presentation and impression management
  - Listening and negotiating
  - Oral and written communications
  - Customer focus
  - Approachability

### Leadership Domain
- Influence and team building skills.
- Sample competencies include:
  - Providing direction, support, and standards for accomplishment
  - Communicating a compelling vision
  - Caring about, developing, and challenging direct reports
  - Hiring and staffing strategically
  - Motivating others
  - Building effective teams
There are three noteworthy points about this domain model:

1. **It is developmental** – intrapersonal skills develop first, probably in the preteen years; interpersonal skills develop next, probably during the teen age years; business skills develop when a person enters the work force; and leadership skills develop last.

2. **The model is a hierarchy** of increasing trainability, with intrapersonal skills being hard to train, and leadership skills being the easiest to train.

3. **The model is comprehensive.** Every existing competency model can be organized in terms of these four domains.

**Personality and Leadership**

Who you are (personality) determines how you lead. Personality should be defined in two ways: identity and reputation. Identity is personality from the inside – how you see yourself. Reputation is personality from the outside – how others see you.

Hogan assesses reputation from two perspectives.

**Bright-side, or normal personality** describes people when they are at their best. Bright-side personality is measured by the Hogan Personality Inventory (HPI) and predicts leadership performance across all organizational levels and industry sectors.

**Dark-side personality** describes people when they are stressed, bored, or simply not paying enough attention to their behavior. Measured by the Hogan Development Survey (HDS), this behavior alienates subordinates and prevents managers from being able to build an effective team.

It’s also important to understand what drives leaders’ behavior.

**Values,** measured by the Motives, Values, Preferences Inventory (MVPI), are the motives, interests, and beliefs that determine people’s choices and play an important role in predicting leadership style. Reputation describes how a person is likely to lead; values describe why they are likely to lead that way.

Finally, it is important to understand how leaders approach problem solving.

**Cognitive ability,** measured by the Hogan Business Reasoning Inventory (HBRI) describes people’s ability to solve problems and make business-related decisions using textual, graphic, and quantitative data.
Leadership Matters

Personality predicts leadership style. Leadership style, in turn, directly impacts employee engagement. Good leadership creates engaged employees; bad leadership leaves employees alienated and demoralized.

Engaged employees are energized, proud, enthusiastic, and have positive attitudes at work. Companies whose employees are engaged show higher returns on assets, are more profitable, and yield nearly twice the value to their shareholders compared to companies characterized by low employee engagement. Disengagement, on the other hand, results in an estimated $300 billion loss in productivity in the U.S. each year.

The bottom line? Leadership creates engagement; higher employee engagement equals better organizational performance, and lower employee engagement equals worse organizational performance.
Organizational Effectiveness

Organizational effectiveness is an organic part of any discussion of leadership when leadership is seen as a collective phenomenon, a resource for the performance of a group. Organizational effectiveness can be conceptualized in terms of five components:

1. Talented personnel
2. Motivated/engaged personnel
3. A talented management team
4. An effective strategy
5. Monitoring systems that will allow senior leadership to keep track of the talent and motivational level of the staff, the performance of the management group, and the effectiveness of the business strategy.

It is the responsibility of the senior leadership in an organization to put these five components in place. Ultimately, then, good leadership is the key to organizational effectiveness.
References


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