



Human Resources Training and Individual Development

Leadership Development
March 15, 2004

BROAD

MICHIGAN STATE UNIVERSITY



“There are three kinds of people in this world: those who make things happen, those who watch things happen, and those who wondered what happened.”

Mary Kay Ash

BROAD

MICHIGAN STATE UNIVERSITY

Class Overview

- ◆ Managers vs. Leaders (Zaleznik, 1977/1992)
- ◆ Leadership theories – overview
- ◆ Leader behaviors
- ◆ Transformational leadership
- ◆ Your leadership profile
- ◆ Developing leaders
- ◆ AlliedSignal (time permitting)

BROAD

MICHIGAN STATE UNIVERSITY

Managers and Leaders

- ◆ What it takes to be a manager?
- ◆ Attitudes toward goals
- ◆ Option-limiting solution to conflict vs. enabling choice
 - “To be effective, leaders must project their ideas onto images that excite people and only then develop choices that give those images substance.”
- ◆ Relations with others
- ◆ “Once-born” vs. “twice-born” people.

BROAD

MICHIGAN STATE UNIVERSITY

Leadership Defined

- ◆ Leadership is the process by which an individual influences others in ways that help attain group or organizational goals.
- ◆ The use of power and influence to direct and coordinate employees toward the accomplishment of organizational goals

BROAD

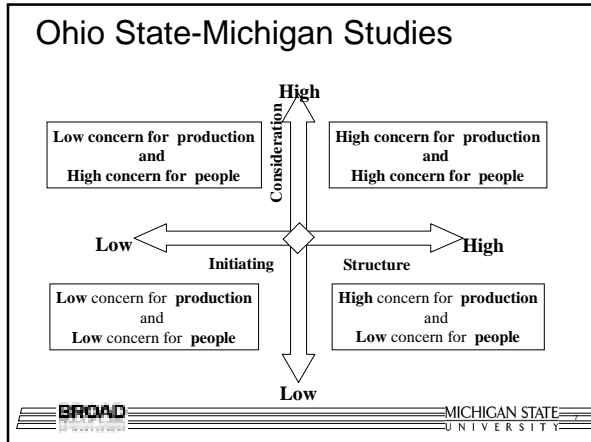
MICHIGAN STATE UNIVERSITY

Leadership Theories

- ◆ Trait Theory
- ◆ Leadership Styles
- ◆ Contingency Theories
- ◆ **Leadership Behaviors**
- ◆ **Transformational Leadership**

BROAD

MICHIGAN STATE UNIVERSITY



Validity of Leadership Behaviors

- ◆ Criteria including follower satisfaction with job and leader, group performance, and leader effectiveness
 - Consideration: $r = .48$
 - Initiating Structure $r = .30$
- ◆ Satisfaction vs. motivation and performance

BROAD MICHIGAN STATE UNIVERSITY

Transformational Leadership

- ◆ **Transactional leadership**
 - leader's use of rewards (punishments) following subordinates' successful (unsuccessful) completion of their end of the bargain--carrot and stick approach
- ◆ **Transformational leadership**
 - leader's ability to motivate followers to work for transcendental goals that go beyond immediate self-interests
 - transformational leaders rely on vision and charisma

BROAD MICHIGAN STATE UNIVERSITY

Transactional Leaders

- ◆ Rational approach to leadership assuming people are "hedonic rationalists" (i.e., seek to maximize rewards as predicted by economic model)
- ◆ Give rewards in exchange for performance
- ◆ Manage by looking for deviations from rules
- ◆ Intervenes only if standards aren't met
- ◆ Focus is on evaluation as much as direction

BROAD MICHIGAN STATE UNIVERSITY

Transformational Leadership

- ◆ Charisma (idealized influence)
- ◆ Inspirational motivation
- ◆ Intellectual stimulation
- ◆ Individualized consideration

BROAD MICHIGAN STATE UNIVERSITY

The Importance of Charisma

- ◆ Charisma matters more than it used to. When you had command-and-control environments, everyone knew his role and almost automatically executed the boss's program. Today, if you're unable to galvanize people into action, all the thinking, all the analysis, the strategic prioritizing doesn't matter at all
 - Arthur Martinez, CEO Sears
- ◆ Corporate America, what a bunch of boring guys! A lot of my contemporaries don't [like me] because I challenge the status quo and I don't give a damn
 - Al Dunlap, CEO Sunbeam
- ◆ To me, charisma is almost the definition of leadership
 - Jim Clark, founder, Silicon Graphics

BROAD MICHIGAN STATE UNIVERSITY

Visionary Leadership

- ◆ Nothing is more inspiring than a vision
- ◆ Visionary leaders can be found in all levels of an organization
- ◆ Visionary leaders...
 - attend to the future
 - remain up to date with emerging trends
 - focus on purpose and direction
 - communicate a sense of where the entity will be over the long term
 - Set standards of excellence and high ideals

Source: Nanus, B. (1992). *Visionary leadership*. San Francisco: Jossey-Bass.



Effective Vision

- ◆ Characteristics of an effective vision
 - Imaginable yet idealistic
 - Desirable yet bold
 - Feasible yet challenging
 - Focused yet representing overarching goals
 - Flexible yet distinctive
- ◆ Writing an effective vision statement



Communicating with Charisma

- ◆ Frame your vision and mission around intrinsically appealing goals and draw upon your values and beliefs in doing so
- ◆ When framing the goal, do so in terms of (a) the significance of the mission; (b) why it has arisen in the first place
- ◆ Employ more metaphors, analogies, and stories when speaking
- ◆ Allow your emotions to surface as you speak



Inspirational Motivation

- ◆ Management of attention through vision is the *creating of focus*
- ◆ In Bennis and Nanus's study of leaders, all 90 had an *agenda*, an unparalleled concern with outcome.
 - We cannot exaggerate the significance of a...vision..a conviction, even a passion
- ◆ Their visions or intentions are compelling and pull people toward them



Research Support

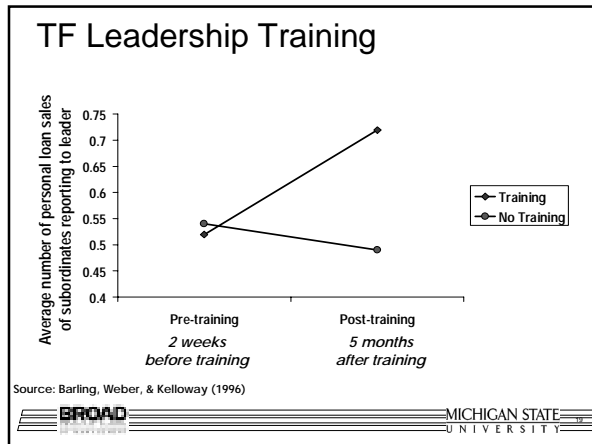
- ◆ The best leaders are transformational
 - Transformational leadership style explains variance in performance over transactional but not vice-versa
 - Thus, transformational is most important
 - When people are asked to describe leaders, their prototypes and ideals are transformational
- ◆ Theory has been supported in more than 12 countries and across more than 15 occupations



Research Support

- ◆ Meta-analytic correlations with effectiveness
 - Transformational
 - › Charisma **.71**
 - › Intellectual Stimulation **.60**
 - › Individual Consideration **.62**
 - Transactional
 - › Contingent Reward **.41**
 - › Management-by-exception **.04**
- ◆ See chapter in the readings pack





Becoming Transformational

Suggestion	Explanation
Develop a vision that is both clear and highly appealing to followers	A clear vision will guide followers toward achieving organizational goals and make them feel good about doing so
Articulate a strategy for bringing that vision to life	Don't present an elaborate plan; rather, state the best path towards achieving the mission
State your vision clearly and promote it to others	Visions must not only be clear, but made compelling, such as by using anecdotes
Show confidence and optimism about your vision	If a leader lacks confidence about success, followers will not try very hard to achieve that vision
Recognize different roles of leader and management	Sometimes your role requires you to lead others and sometimes your role is to implementing other's vision

- ### Measuring TF Leadership
- ◆ Transformational leadership behaviors are most commonly measured with the Multifactor Leadership Questionnaire (MLQ)
 - ◆ Leadership Practices Inventory (LPI) and TF leadership
 - Fields and Herold (1997)
- BROAD MICHIGAN STATE UNIVERSITY

- ### Leadership Practices Inventory (LPI)
- ◆ Kouzes and Posner
 - Challenging the Process
 - Inspiring a Shared Vision
 - Enabling Others to Act
 - Modeling the Way
 - Encouraging the Heart
- Five LPI Dimensions
- 3
- BROAD MICHIGAN STATE UNIVERSITY

- ### TF Leadership Dimensions
- ◆ Idealized influence
 - serving as charismatic role model to followers
 - **LPI dimensions:** modeling the way, enabling others
 - ◆ Inspirational motivation
 - articulation of inspiring vision to followers
 - **LPI dimension:** inspiring a shared vision
 - ◆ Intellectual stimulation
 - stimulating creativity by questioning/challenging
 - **LPI dimension:** challenging the process
 - ◆ Individualized consideration
 - attending to individual needs of followers
 - **LPI dimension:** encouraging the heart
- BROAD MICHIGAN STATE UNIVERSITY

- ### Example LPI Items
- ◆ Support the decisions that people make on their own
 - ◆ Praise people for a job well done
 - ◆ Set a personal example of what I expect from others
 - ◆ Challenge people to try out new and innovative approaches to their work
 - ◆ Contagiously enthusiastic and positive about future
- BROAD MICHIGAN STATE UNIVERSITY

Self- and Other-Rated LPI

- ◆ Self-rated LPI dimensions – your feedback
- ◆ Collect LPI ratings from subordinates/followers
- ◆ Compare the self ratings with the average ratings of your subordinates
- ◆ Examine and understand the differences

BROAD

MICHIGAN STATE UNIVERSITY

Developing Leaders

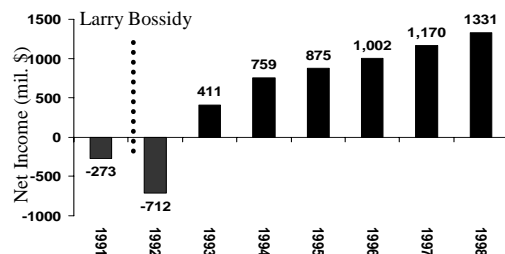
- ◆ Challenge the process
- ◆ Set the example, inspire by appealing to common values
- ◆ Be considerate and encourage your followers
- ◆ Provide structure; enable your followers to succeed
- ◆ Have an inspiring vision, communicate it with passion

BROAD

MICHIGAN STATE UNIVERSITY

TF Leaders: AlliedSignal

Profitability



BROAD

MICHIGAN STATE UNIVERSITY

AlliedSignal - Honeywell

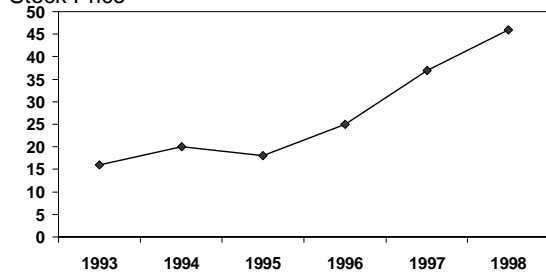
- ◆ Mr. Lawrence A. Bossidy is also credited with transforming AlliedSignal in the 1990s into one of the world's most admired companies, whose success was largely driven by an intense focus on growth and Six Sigma-driven productivity. During his tenure with AlliedSignal the company achieved consistent growth in earnings and cash flow, highlighted by 31 consecutive quarters of earnings-per-share growth of 13% or more.

BROAD

MICHIGAN STATE UNIVERSITY

AlliedSignal Stock Price

Stock Price



BROAD

MICHIGAN STATE UNIVERSITY

AlliedSignal Values

AlliedSignal's values according to Larry Bossidy:

- ◆ Besides values, you have to have clear goals. People have to know where they're going. What is victory? ... Each year, we set three goals that we put in front of everybody. It creates focus ... Wherever I go in the company, people know what our three goals are.
- ◆ I've talked about why AlliedSignal will continue to make progress. The major source of my confidence, however, is the evolving new AlliedSignal culture, which itself is becoming a genuine differentiator in the marketplace. It's a culture of hard work to achieve tough stretch goals, but also of confidence in the ability to reach those goals. Being able to thrive in a culture that demands so much has become a badge of honor for our employees, and our surveys show that increasing numbers of employees say they're proud to work for AlliedSignal.

BROAD

MICHIGAN STATE UNIVERSITY