

The Neglected Organizational “What” of Leadership

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KAPLAN DeVRIES INC.

“Parks his Mercedes in handicapped spaces... reduces subordinates to tears... fires people in angry tantrums.”

“Brutal... hogs the credit. Made people feel terrible...”

“Judges the world in binary terms... an always volatile CEO.”

“Scully likened him to Russian revolutionary Leon Trotsky.”

“Known to yell at company directors...”



“Almost always right... when he's wrong, it's so creative, it's amazing.”

Co-inventor: 103 patents

“Likely to continue taking Apple—its customers, competitors, investors—on a wild ride to places they couldn't imagine.”

“... dug into the murky details... reduced product line, cut costs... Involved in all the practical operations.”

“Put together a world-class team...”

“Parks his Mercedes in handicapped spaces... reduces subordinates to tears... fires people in angry tantrums.”

“Brutal... hogs the credit. Makes people feel terrible...”

“Judges the world in binary terms... an always volatile CEO.”

“Known to yell at company directors...”

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There is more to leadership than interpersonal influence

Dubin (1976)

- Leadership *in* organizations

- Leadership *of* organizations

Zaccaro & Horn (2003)

- Direct influence

- Indirect influence

Anonakis & House (2002)

- Inspirational leadership

- Instrumental leadership

Interpersonal “How”
STYLE

Organizational “What”
SUBSTANCE

AAPL share price



Ψ

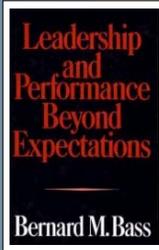
Interpersonal “How”
STYLE



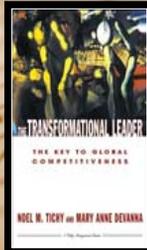
MBA

Organizational “What”
SUBSTANCE

Transformational Leadership



How leaders change followers



How leaders change organizations

"... there are many processes by which leaders can impact their organizations that have little or nothing to do with what is defined as leadership. For example, mergers and acquisitions, changes in organizational structure, and layoffs of personnel may have great impact on shareholder value but do not necessarily embody the influence process integral to leadership."

V. Vroom & A. Jago
American Psychologist, 2007



STYLE: "How"

Social behavior

- Consideration
- Initiative
- Democratic
- Autocratic
- Transformational
- Transactional
- LMX



SUBSTANCE: "What"

Organizational decisions

- Strategy
- Structure
- Staffing
- Policy
- Operating plans
- Resource allocation

Kaiser & Hogan (2007). The dark side of discretion. *Leading through strategy, structure, & systems.*

October 25, 2007

The New York Times

Merrill's Chief Is Being Held to Account

By JENNY ANDERSON and LANDON THOMAS Jr.

Merrill Lynch said yesterday that it would take a \$7.9 billion write-down because of its exposure to collateralized debt obligations, complex debt instruments and subprime mortgages. A result is a \$2.3 billion loss, the largest in the firm's history.

The loss raised questions about Mr. O'Neal's leadership and most crucially the ability of his top executives to manage the risky assets on the firm's balance sheet.



STYLE: "How"

90%
of extant literature*

- Consideration
- Democratic
- Transformational
- Transactional
- LMX



SUBSTANCE: "What"

Organizational decisions

- Strategy
- Structure
- Staffing
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- Operating plans
- Resource allocation

* Hunt (1991). *Leadership: A New Synthesis.*

"Approaches that focus on leadership style tend to ignore what is most fundamental about leadership. Leaders add value to their organizations by exercising discretion and making sound decisions... The style with which those decisions are made is not, ultimately, very important."

P. Lewis & T. O. Jacobs
Strategic Leadership, 1992

Bridging the Gap



STYLE: "How"
Social behavior

- Consideration
- Initiative
- Democratic
- Autocratic
- Transformational
- Transactional
- LMX

What are the unique and complementary contributions of each to leadership effectiveness?

SUBSTANCE: "What"
Organizational decisions

- Strategy
- Structure
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- Operating plans
- Resource allocation

Regression analyses*

	Perceived Effectiveness (All coworkers) β	Team Vitality (subs) β	Team Productivity (boss) β
HOW Forceful-Enabling Versatility	.23***	.30***	.12*
WHAT Strategic-Operational Versatility	.51***	.15*	.40***
R	.71***	.43***	.36***

* N = 484 middle to senior managers.

Empirical study

- N = 484 middle/senior mgrs
- Average 360 ratings (from coworkers) for *how* & *what*
- Predicted *perceived* effectiveness and team performance

Leadership Versatility Index*

© 2004 Kaiser Devities Inc. U.S. Patent No. 7,121,836
 Robert C. Hogan & Robert B. Kaiser

STYLE: Interpersonal How

Forceful vs. Enabling

exercising power and authority to push for performance vs. creating conditions for other people to contribute

SUBSTANCE: Organizational What

Strategic vs. Operational

positioning the organization to be competitive in the future vs. driving the organization to get results in the near term



Theory testing*



* Hogan & Kaiser (2005). What we know about leadership. *Review of General Psychology*.

Effectiveness criteria*

- **Perceived effectiveness**
 "Please rate this leader's overall effectiveness on a 10-point scale where 5 is adequate and 10 is outstanding."
- **Team performance**
Vitality (subordinates: morale, engagement, cohesion; $\alpha = .87$)
Productivity (boss: quantity & quality of output; $\alpha = .89$)



* Kaiser, Hogan, & Craig (2007). Leadership and the fate of orgs. *American Psychologist*.

Summary

- Managers weight the *What* (substance) more than the *How* (style) in overall evaluations
- *How* (style) and *What* (substance) functions provide unique avenues for leaders to affect organizational performance
- *How* (style) has its effect on results through its influence on employee attitudes
- *What* (substance) influences attitudes too, but also affects results independent of attitudes

Implications



STYLE: "How"

Social behavior

- Consideration
- Initiative
- Democratic
- Autocratic
- Transformational
- Transactional
- LMX

1. Incorporate both in theory and research
2. Elucidate and articulate the "What" domain
3. What structural and contextual factors mediate the effects of "What"?
4. What individual differences predict the "What"?

SUBSTANCE: "What"

Organizational decisions

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