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The Importance of Leadership

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Why is the topic of leadership important? History is rich with stories of leaders who have shaped the course of nations, the economy, and society. It is well recognized that effectively run organizations are more productive and successful while poorly run organizations suffer at the hands of ineffective leaders. Compounding the need for effective leadership is the unethical and illegal behavior of numerous business and public sector leaders that has led to the failure of many organizations. The scandals at Enron, WorldCom, HealthSouth, OfficeMax, Tyco, Marsh & McLennan, Putnam, and Boeing, to name just a few, have focused on the importance of strong, effective, and ethical leadership. Dissatisfaction on the part of stockholders and boards of directors has increasingly led to the termination of high-profile CEOs. The recent termination of Hewlett-Packard's CEO Carleton (Carly) Fiorina has focused considerable attention on the qualities a leader needs to have in order to achieve the organization's goals.

Employees have suffered at the hands of ineffective leaders. Job satisfaction has declined over the last decade, with the biggest decline in on-the-job happiness among workers earning $25,000 to $35,000 and among workers between the ages of 35 to 44. The biggest reason for people leaving their organizations is that they are being treated poorly by their bosses. Hundreds of studies support the fact that leadership makes a profound difference in followers' performance and satisfaction. However, often a chasm exists between what is expected of leaders and what they produce.

The discussion of leadership begs for definitions. Several definitions suggest that leadership is a process used by an individual to influence group members toward the achievement of group goals through change. Early studies of leadership focused on an examination of traits of leaders, those characteristics accounting for leadership effectiveness, such as high energy, aggressiveness, and persuasiveness. The belief was that leaders were born, not made. Such assumptions were replaced by an examination of leaders' behavior, those distinctive styles used by effective leaders. This evolved into contingency leadership theories that attempted to explain the appropri-ate leadership style based on the leader, followers, and the situation. Contemporary approaches tend to have a more integrative view that combines the trait, behavioral, and contingency theories to explain successful leader-follower relationships.

Research has also focused on the attributes of leaders, that is, the inner or personal qualities that constitute effective leadership. Terms used to describe attributes include traits, competencies, style, motives, skills and character. Some researchers claim that leadership attributes fall into three broad categories: who leaders are (values, motives, personal traits, and character), what leaders know (skills and abilities), and what leaders do (behaviors, habits, styles, and competencies). Using this leadership attribute model, leaders can be seen as setting direction (creating a vision, developing strategies, defining the future), mobilizing individual commitment (engaging others, sharing power), and engendering organizational capability (building teams and managing change).

Leaders typically exhibit behavioral patterns to influence their followers and perform several roles. The interpersonal role consists of the figurehead, leader and liaison. They assume the figurehead roles when they represent their organizations at ceremonies and symbolic activities, such as commencements and official signings or openings. In the informational role, they will be seen as the spokesperson for the organization. Terry Lundgren, CEO of Federated Department Stores, aptly performed the spokesperson role at the news conference announcing the acquisition of May Department Stores. The decisional roles are seen in the entrepreneurial, resource allocator or negotiator functions.

When organizations undergo serious turmoil, particularly brought on by negative public attention, the figurehead of an organization is frequently the sacrificial lamb. Beset by a football recruiting scandal and upheaval over a professor who compared September 11, 2001 victims to notorious Nazi Adolf Eichmann, the University of Colorado President Elizabeth Hoffman resigned in March 2005. The symbolic resignation or removal of a CEO in a case like this is an attempt by governing boards to assure the key stakeholders that the organization will recover from the controversies that led to its calamitous state.

Massachusetts also had attention drawn to it by the President of Harvard University, Lawrence H. Summers, whose decisions and leadership style have received wide-spread notice almost since the day he stepped onto Cambridge soil. During a January 2005 speech to the National Bureau of Economic Research, Summers discussed possible reasons for the current underrepresentation of women at the top in many fields, especially in science, engineering, and math. He contended that reasons could include social issues, such as willingness to commit fully to a highly demanding career and biological differences between the genders.

His remarks set off an outburst of protests not only by members of the Harvard community, but also by his peers at similar universities. In an effort to quell the controversy and avoid votes of no confidence by the aculty, Summers pledged to "set a different tone" with the faculty. Such pledge was too little too late for the faculty, who voted March 15, 2005 that "the Faculty lacks confidence in the leadership" of Summers. Campus critics have contended that his leadership style had frozen out critical voices on campus, that he has consolidated too much power in the president's office, and tends to rule by intimidation. Such an allegation is consistent with an autocratic style of leadership, wherein a leader makes decisions, tells employees what to do and closely supervises workers. This is contrary to a democratic leadership style, which encourages participation in decisions wherein the leader works with employees to determine what to do and does not closely supervise employees.

Even more pronounced in analyzing President Summers can be a leadership attitude developed by theorist Douglas McGregor who classified attitudes as assumptions he refers to as Theory X and Theory Y. His theory attempts to explain and predict leadership behavior and performance based on the leader's attitude about followers. Theory X leaders have the attitude that employees dislike work and must be closely supervised in order to do their work. On the other hand, Theory Y leaders hold the attitude that employees like to work and do not need to be closely supervised in order to do their work. The Theory X leader generally has a pessimistic attitude about employees and uses a coercive style, controlling through threats and punishment. The Theory Y leader has a positive, optimistic view of employees and uses a participative leadership style, providing rewards as incentives. A more recent theory, referred to as Theory Z, is characteristically found at colleges and universities. Theory Z organizations support clear, detailed goal statements and supportive policies that encourage individuals to transcend self-interests and focus on the good of the organization. Theory Z organizations are typically found where charismatic leadership behavior is not welcomed by followers. Researchers have suggested that followers resist charismatic leadership where employees are self-confident, highly educated, and have a strong belief in human equality.

Charismatic leadership can be effective or ineffective, depending on the organization and situation. German sociologist Max Weber is credited with applying the term charisma to pertain to a type of authority or influence based on exceptional characteristics, demonstrated by heroic acts or by advocating a revolutionary mission or program of action to resolve a crisis. Today charismatic leaders are viewed as passionate, driven individuals having personalities that inspire devotion and commitment from followers. These leaders make inspirational speeches, describe a desirable mission or vision for the future, take risks to achieve the mission, and role model their own behavior for followers to emulate. Charismatic leaders often emerge during times of crisis when dramatic change is required. A subset of charismatic leadership is transformational leadership, in which the status quo is changed by appealing to followers' values and their sense of higher purpose. Nelson Mandela is an excellent example of a charismatic, transformational leader whose style was needed at a critical time in South African history. He provided a clear vision of a nonracist society and made personal sacrifices demonstrated by his 27 years in prison for his speaking out about his beliefs.

Charismatic leadership is not always the formula for success. Some researchers have found that the most effective leaders lacked charisma. In his book *Good to Great*, Jim Collins presents his theory of Level 5 Leadership. Based on a five-year research study of all the companies that were on the Fortune 500 list from 1965 to 1995, Collins discovered that the best examples of leaders turning a merely good company into a truly great company are led by this Level 5 leader. Level 5 refers to the highest level in a hierarchy of executive capabilities. The Level 5 leader builds enduring greatness through personal humility plus professional will. Such a leader is calm in crises, never boastful, takes responsibility for failure, and is courteous and polite. Level 5 leaders spend a considerable amount of time surrounding themselves with the right people and build high performing teams. While leaders at the other four levels can produce high degrees of success, they do not elevate their companies from mediocrity to sustained excellence.

The study found eleven companies dramatically exceeded all the other companies in terms of financial success. The leaders of these companies did not let their egos get in the way of building great companies. These leaders avoided the spotlight, but were focused on creating companies that produced outstanding results. They channeled all their energy toward the success of their companies, as opposed to the pursuit of personal aggrandizement. Collins cites particularly the former CEO of Kimberly-Clark, Darwin E. Smith, a shy, unpretentious, awkward person, but with an iron will and ferocious resolve. He transformed the company from a stodgy old paper company with poor performance into the leading consumer paper products company in the world. While other factors are critical to transformation, including having the right key people in the organization, good-to-great transformation must have Level 5 leaders. Collins found that CEOs with large egos contributed to the demise or continued mediocrity of an organization. Even though many companies showed a shift in performance under a talented yet egocentric Level 4 leader, the companies declined in later years. Collins cites Lee Iacocca as a Level 4 leader, one who sets a clear and compelling vision. However, such leaders' ego often changes from transforming the organizations to transforming themselves. In spite of this empirical evidence, many boards of directors have not paid attention to Collins' findings and continue to look for charismatic rather than Level 5 CEOs to lead their organizations.

Leadership takes place within the context of an organizational culture. Cultures begin with leaders who inflict their own values and assumptions on an organization or group of individuals. Eventually the assumptions are taken for granted, leading to a culture that defines for future members what kinds of leadership are acceptable. While there are many definitions of culture, it is generally seen when things in organizations or groups are shared or held in common, such as customs and traditions, group norms, espoused values, and formal philosophy. Well-known organizational culture theorist Edgar H. Schein defines it as "a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and integration, that has worked well enough to be considered valid, and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems." A failure of merging organizational culture and leadership style was seen at Hewlet Packard.

Receiving considerable attention during the last year is Carleton (Carly) S. Fiorina, former CEO of Hewlett-Packard. She has been described as unshakable, self-reliant, passionate about the big picture, and embracing change as a way of life. With the image of a charismatic leader, Fiorina was the first outsider to be CEO of a very conventional, stuffy, and oldest Silicon Valley company that was deeply entrenched in its paternalistic culture known as 'The H-P Way.' In spite of leading the successful acquisition of rival Compaq Computer in 2002, she was unable to revive the sluggish computer businesses. HP struggled against Dell in the PC business and IBM in the corporate computing industry. Many viewed Fiorina as an inspiring speaker, but lacked the skills to fix HP's operational problems. Fiorina was an outsider brought in to revitalize a struggling organization. It had a deeply rooted engineering culture that needed to revise its strategies. Analysts claimed Fiorina ignored simple rules of successful leadership. The first accusation was that she was more concerned about her own image rather

than the success of the company (this fits Collins' Level 4 leader). She combined impressive visions with charismatic but egotistical and demanding styles. CEOs need to place their organizations' well being above all else, including themselves. Fiorina failed to understand the dynamics of HP and lacked a technical background, instead focused on marketing and resisted the board's efforts to appoint a strong chief operations officer to offset her expertise in its operations. In addition, she is accused of firing three top executives after HP missed earnings targets as a way of deflecting attention away from herself.

HP is obviously in need of major transformation. The new CEO will need to develop a vision and strategy to undertake fierce global competition, lead major technology initiatives and transform poor employee morale. Vision is the force that creates the future. Leadership is a dialogue, not a monologue. Leaders ignite their constituencies' flame of inspiration. HP's next CEO should be a transformational leader, someone who can change the status quo by articulating to followers the problems in the current system and a compelling vision of what a new organization should be. On April 1, 2005 former CEO and president of NCR Mark Hurd assumed the position as HP's CEO and president. Hurd's style is in sharp contrast to Fiorina. He spent 25 years at NCR, culminating in a two-year term as CEO where he quietly led an ambitious turnaround of the company. He was seen as a relentless cost-cutter familiar with nearly every facet of management. His leadership was marked by successful efforts to improve operating efficiency, increase the position of NCR's product line, and build a strong leadership team.

A classical transformation process can be viewed as a four-phase process. The first step is to recognize the need for change. In John P. Kotter's book *Leading Change*, his process of creating major change calls first for establishing a sense of urgency, wherein the market and competitive realities are examined and major opportunities are identified. HP definitely senses such a sense of urgency. The second phase of transformation calls for crating a new vision, followed by managing transition, and finally institutionalizing the change. Some have described transformational leaders as motivating followers to strive for higher-level values and morality. Such a leader raises the consciousness of followers to reflect real societal needs and values rather than personal self-interest.

While much focus in the media has been paid to CEOs who have been unsuccessful, spotlight should be placed on leaders who have been successful in transforming or propelling their organizations forward. HP would be wise to heed the transformation process of one of its main competitors, IBM, under the leadership of its former CEO Louis V. Gerstner, Jr. Gerstner led one of the most dramatic corporate turnarounds in business history. He became CEO in 1993 when IBM was near col-

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lapse because of its lumbering size, insular corporate culture, and lack of understanding of what its customers needed for computing solutions. He led a corporate transformation and re-established IBM as a leader in its traditional mainframe and large-server markets.

CEOs Anne Mulcahy of Xerox and Ed Breen of Tyco have turned around their companies through no-nonsense leadership with strict financial controls. Following in the wake of charismatic leader Jack Welch, Jeffrey Immelt of General Electric has transformed GE by creating a customer-driven, global, and diverse culture.

Strong and effective leadership is also vitally important in the not-for-profit sector, specifically higher education institutions. These institutions operate in increasingly complex environments where an adaptation to environmental changes is critical. Effectiveness of organizations is influenced by the degree of fit between organizations and their environment. How effective a college or university is at capitalizing emerging opportunities and addressing threats depends on leadership's ability to cultivate a strategic mindset among individuals within the institution.

Change needs to be viewed as an opportunity, not a threat. Pressure on academic leaders for accountability (particularly in the form of learning outcomes), increasing competition from not-for-profit institutions and for-profit institutions (for-profit University of Phoenix in particular with over 300,000 students and continuing to grow), and reduced state funding has created the need for strong, capable leadership. Bridgewater State College has met this challenge on many fronts and has systematically shown strategic leadership. The college initiated this process under President Emerita Adrian Tinsley when the entire college community was involved in developing the Vision Statement. Building upon this foundation, President Dana Mohler-Faria is leading a sophisticated strategic planning process so that all of us at the college think more clearly and strategically about the future.

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