What Matters in Leadership Development?

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Five Questions Every Organization must ask

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Do I Really Need to Ask These Questions?

The leadership development industry has endured the recession. Organizations are reporting a surge in spending to develop leaders. On average, companies increased their budgets by 14% in 2012 alone. According to some estimates, U.S. based companies have spent $13.6 billion on leadership development.[4] However, surveys of C-suite leaders show serious concerns emerging from insufficient leadership capability in their organizations. Lack of leadership talent frequently features among the top 10 CEO concerns jeopardizing future growth. With such significant investments at stake, it is no surprise that decision makers are scrutinizing the effectiveness of their company's effort in this direction.   The leadership development industry is booming and there's an abundance of advice, best practices, and tools. But the rising investments and the practices used are not translating to increased returns. In this ebook, we share a list of questions that every leader must ask about their leadership development effort to ensure efficacy. To these questions, we provide answers that are based on rigorous scientific evidence.

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1 | Are we growing charismatic leaders who can shape the future of our business?

Charismatic leadership, a form of transformational leadership, has emerged among the more effective styles of leading. In fact, people across various cultures associate it with good leadership. However, many believe that leaders who are charismatic are born with this exceptional talent. Ground breaking research in the last decade by Dr. John Antonakis and his colleagues have demonstrated that charismatic leadership can in fact be taught and developed over time.[1] According to these researchers, a leader who previously did not display charisma can be taught to do so through extensive feedback on their styles and teaching them the strategies used by a charismatic leader. More importantly, leaders who set explicit development goals to improve their charisma, and provided opportunities to practice show greater improvements. In their studies, leaders trained under these conditions were consistently rated as having higher leader charisma. The advantage charismatic leader have compared to others, is their ability to create a sense of purpose and influence others to work toward common goals. Martin Luther king and Steve Jobs are examples of charismatic leaders.

A leader who previously did not display charisma can be taught to do so through extensive feedback on their style

2 | Is our focus on emotional intelligence leading to more effective leaders?

The use of Emotional Intelligence (EI) tests for leader development has become extremely popular. It intuitively makes sense that leaders need to be capable of regulating their emotions and building strong relationships with others. However, the current fad of measuring leaders on EI does not have a strong scientific backing. There are conflicting models of emotional intelligence, some measure it as a coachable dimension while others treat it as a fixed trait that cannot be altered.[5, 15]

Such confusion can be troublesome for developing leaders. Do you leave out those low on emotional intelligence or treat them as a high-potentials who can be developed? To add to the confusion, studies show that emotional intelligence correlates highly with intelligence.[2] Which suggests that intelligent leaders may be better able to fake emotional intelligence without achieving the end result of creating an empathetic presence.

What is more predictive of leadership success is meta-cognitive thinking. This is the ability to monitor, evaluate and self-regulate one's thinking, feelings, and actions. Focusing on meta-cognitive thinking has many benefits. It addresses a leader's self-awareness about their feelings, emotions, and ways of thinking. Most importantly, leaders who are self-aware understand how their emotions impact their decisions. Studies show that meta-cognitive thinking can explain between 6 to 22 percent variance in leadership effectiveness.[13] We hope this information doesn't leave you emotionally attached to certain tests.

3 | Does more feedback result in better employee outcomes?

In the past decade, there has been widespread adoption of 360 tools for development and performance management. Conventional wisdom suggests that any leadership development activity is seen as incomplete without a feedback loop. Additionally, any increase in the amount of feedback is always preferable. However, a review of the published research found that feedback can backfire.[12] After reviewing a large number of studies on feedback efficacy, researchers Kluger and Denisi found that over a third of the time feedback interventions resulted in *decreased* performance! That's right – a negative return on investment!

It turns out that feedback works when it is task specific and clearly demonstrates the gap between the standard and the employee's performance. Feedback becomes debilitating when it is directed interpersonally and affects the employee's self-esteem. In light of this evidence, the quality of the feedback far outweighs the quantity.

Feedback works when it is task specific and clearly demonstrates the gap between the standard and the performance

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4 | Are all leadership frameworks created equal?

Surveys show that large corporations spend an average of $7,000 toward the development of a high potential leader, [4] yet there is a perceived lack of leadership talent.[8] This alludes to an alarming scenario of high investments with minimal returns and a significant risk exposure. Replacing ineffective and unnecessary practices with just a few high efficacy drivers of leader development can most certainly turn around this dire situation.

Most common leadership development initiatives start with an assessment. There are over 2,500 assessment products on the market and only a few of these have known relationships to leader effectiveness.[7,14] Many of the off-the-shelf products lack sound theoretical backing.[14] In many cases, unqualified hiring managers and HR professionals administer and interpret psychological assessments increasing the risks of hiring the wrong candidates and negative legal action. Organizations that are serious about utilizing assessments correctly must reference the Standards for Educational and Psychological Testing, a definitive guide produced by the American Psychology Association on the appropriate construction and use of psychological tests. Another useful document is the Principles for the Validation and Use of Personnel Selection Procedures. It is produced by the Society for Industrial and Organizational Psychology and details current scientifically established methods of establishing the utility of a test. It provides a helpful list of features to evaluate when determining the value of an assessment.

What to look for	What to avoid
• Leadership framework and tools have sound theoretical backing. • The validity of the framework and methodology has been substantiated by multiple rigorous studies. • There is strong prior quantitative evidence supporting the efficacy of the proposed practice.	Popular ideas and assessments with weak or questionable evidence such as: • Emotional intelligence • Learning agility • Type based personality indicators (e.g. MBTI, color code, DISC) • Neuroleadership and related models

See Table 1 for a list of leadership constructs and assessments with scientific backing.

5 | Can leadership be measured quantitatively?

Many believe that leadership is a deep internal characteristic that can be felt but not measured or described. This creates a dilemma for those building leadership development programs and also for those charged with demonstrating the efficacy of such efforts. While there are still many unknowns about leadership, we have come a long way in isolating a handful of effective leader behaviors and characteristics. We now also have accurate measures of attributes that influence leadership effectiveness. Numerous studies have been able to quantify the impact of leadership on employees and firm performance. Making deliberate attempts to quantify leadership attributes and assess risks to the business allows firms to proactively address their leadership needs. Table 1 shows a great list of measured relationships between key individual attributes and leadership effectiveness. With such empirically-backed knowledge, it is no longer necessary for leadership development outcomes to remain a black box. Organizations can now select their approach based on prior evidence and utilize an experimental design approach to improve the efficacy of their programs.

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Table 1: Individual Attributes Influencing Leadership Effectiveness

Individual attribute	Link to effectiveness
Transformational leadership	Defined as a leader's competency to develop a compelling vision, link followers' sense of self to this vision, challenge followers to take ownership of their work and be an inspiring role model. Here's a list showing the strength of efficacy between transformational leadership and important leadership outcomes.[11] Overall leadership effectiveness = .44 Leader job performance = .26 Organizational performance = .27
Personality	The "Big Five" personality traits account for about 15% of leader effectiveness.[9] Personality as defined by psychologists refers to stable patterns of behavior that rarely undergo dramatic changes over one's life time. Conscientiousness =.16 Openness to experience =.24 Emotional stability =.22/ Neuroticism = -.24
Instrumental leadership	Task-oriented leader behaviors (i.e. Job related technical/professional) are positively related to overall leader effectiveness and account for 33.3% of variance.[3]
Meta cognitive ability	Defined as ability to "think about thinking" is directly linked to leader effectiveness and found to explain 6 to 22% of variance.[13]
Cognitive ability	Cognitive ability is also referred to as general intelligence. Measures of this ability consistently predict leader effectiveness. Based on meta-analytic studies the strength of the correlation is roughly around .24.[10]
Proactive personality	Leaders with a proactive personality tend to be self-driving. They take upon themselves the responsibility to find and solve problems. In recent studies, such leaders have been found to be significantly more effective (average correlation of .33) in reaching unit performance targets.[6]

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