The Neglected Organizational “What” of Leadership

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Rob Kaiser
Kaplan Thaler LLC

“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...”

There is more to leadership than interpersonal influence

Dubin (1976)
Zaccaro & Horn (2003)
Anonakis & House (2002)

• Leadership in organizations
  • Direct influence
  • Inspirational leadership

• Leadership of organizations
  • Indirect influence
  • Instrumental leadership
  • Organizational “What”

Interpersonal “How” STYLE
Organizational “What” SUBSTANCE

AAPL share price

Jobs forced out
Returns as interim CEO
Named permanent CEO

Interpersonal “How” STYLE
Organizational “What” SUBSTANCE
Transformational Leadership

How leaders change followers

How leaders change organizations

How 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

"... 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."


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.

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

90% of extant literature*


Style: “How”

Substance: “What”

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

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

October 25, 2007
Bridging the Gap

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

**STYLE: “How”**
- Social behavior
  - Consideration
  - Initiative
  - Democratic
  - Autocratic
  - Transformational
  - Transactional

**SUBSTANCE: “What”**
- Organizational decisions
  - Strategy
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  - Operating plans
  - Resource allocation

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

Effectiveness criteria*
- **Perceived effectiveness**
  - Please rate this leader’s overall effectiveness on a 10-point scale where 5 is adequate and 10 is outstanding.


Theory testing*
- All path coefficients significant (\( p < .05 \))
- \( R = .37 \)
- \( R = .43 \)
- \( R = .30 \)

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.

Regression analyses*
- | | Perceived Effectiveness (All coworkers) | Team Vitality (subs) | Team Productivity (bosses) |
- | | \( \beta \) | \( \beta \) | \( \beta \) |
- | Forceful-Enabling Versatility | \(.27^{***}\) | \(.30^{***}\) | \(.12^{*}\) |
- | Strategic-Operational Versatility | \(.51^{***}\) | \(.15^{*}\) | \(.40^{***}\) |
- \( R^{2} \) | \(.71^{***}\) | \(.43^{***}\) | \(.36^{***}\) |

* \( N = 484 \) middle to senior managers.
### Implications

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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”?