



CIRANO
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BURGUNDY REPORT

**LEADERSHIP IN 3S'S:
SKILLS
STYLES
SITUATIONS**

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For a long time people have sought to understand what makes an effective leader. This issue keeps reappearing on top of the agenda, especially in periods of deeper uncertainty, as traditional values and the social fabric itself face multiple challenges. It was indeed during the political decline of Athens that Plato started reflecting upon the intrinsic skills of the good leader. It was the contemplation of relentless civil wars and invasions that made Machiavelli spell out his view on how *The Prince* should behave. And it was during the political and social turmoil of nineteenth-century Europe that Victor Hugo portrayed together in *Les Misérables* the leader "with whom people like to walk" and the leader "people like to join for a fight."

Nowadays, the pace of technological innovation, the versatility of consumers and the volatility of markets that characterize the New Economy are triggering renewed interest on the part of business firms and governments for the subject of leadership, which appears once again as a key factor to mobilize individuals and build agile organizations.¹ This essay identifies three complementary theories of leadership, that each develop along one of the paths suggested in the previous paragraph.² The first one, which has recently become fashionable again but was mostly elaborated between 1840 and 1940, seeks like Plato to define the **skills** that characterize a leader. The second one, explored actively from 1940 on to the mid-70s and increasingly popular since the turn of the century, rather focuses, like Machiavelli, on the proper **style** or conduct of leadership. The third one, finally, which development is recent and still ongoing, aims like Victor Hugo to point out contextual elements, circumstances and **situations** from which a particular leader may arise.

The goal of this document is to summarize and appraise, from a managerial viewpoint, those theories of leadership. The following section clarifies beforehand the relationship between the notions of leadership, power and management, which

"This essay identifies three complementary theories of leadership:

- 1) skills that characterize a leader;*
 - 2) proper style or conduct of leadership;*
 - 3) circumstances and situations from which a particular leader may arise."*
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¹ Heifezt, R.A. and D.L. Laurie (1997, january-february), "The work of leadership," *Harvard Business Review*, pages 124-134.

² Boje, D. (2000), *The Leadership Box*, available on the internet at: <http://cbae.nmsu.edu/~dboje/teaching/338/> .

are often wrongly taken as synonyms. Section 5 deals next with the important topic of **leadership development**.

1. The leader, the manager, and power

While there may be conflicting views of what leadership truly is, there is a general consensus on what leadership is not.³

First of all, *management and leadership are distinct concepts* that should not be used interchangeably.⁴ A good manager may not be a leader, and an effective leader can turn out to be a poor manager. Of course, leadership and management do overlap, since they both refer to work in company of other people in order to achieve some objectives. But the manager's main role is to preserve order and coherence in action, while leadership relates to expansion and change.⁵ To be sure (as argued in the following box), a manager must first cope with the complexity of some pre-established plan, while a leader is expected to *transform* the existing organization and landscape. *The challenge of most organizations is now precisely to combine management and leadership in a balanced and complementary way.*

The leader and the manager

The manager and the leader would not look similarly at the same task. In budgetary planning, for example, the typical manager will want to set detailed agendas and timelines, and to allocate available resources according to clear objectives, while the leader will often challenge what does not correspond to his or her own view and try to have this view shared by others. A good manager will look for appropriate incentive and control systems, while a good leader will inspire and get the best out of other people.

*“Management and leadership are distinct concepts that should not be used interchangeably.”
(Kotter, 1990)*

“A good manager may not be a leader, and an effective leader can turn out to be a poor manager.”

“The challenge of most organizations is now precisely to combine management and leadership in a balanced and complementary way.”

³ For an exhaustive survey of the many notions of leadership, see Bass, B.M. (1990), *Bass and Stogdill's Handbook of Leadership : Theory, Research, and Managerial Implications*, The Free Press.

⁴ Bean, J. (2001), *Leadership Modules*, available on the internet at: <http://www.skillforleaders.com/>

⁵ Kotter, J.P. (1990, may-june), «What leaders really do», *Harvard Business Review*, pages 103-111.

Some scholars even argue that leaders and managers exhibit fundamental differences in their respective life background, motivation, and way of thinking.⁶ Managers, for example, would be rather passive with respect to their organization's objectives and would keep emotional involvement with other employees at a relatively low level. By contrast, leaders prefer to frame rather than be framed, which often triggers contradictory feelings among their collaborators and tends to create highly emotional work environments. Furthermore, leaders are often people who have experienced difficult lives and fought uphill battles to win recognition; this entails a somewhat singular self and the ever present ambition to re-arrange the current landscape.

*There also exists a significant relationship between power and leadership. But the two notions are not synonyms.*⁷ Power refers to the capability to influence other people's decisions and behavior. In that sense, judges, auditors, teachers, trainers, and medical doctors all have power; but all are obviously not necessarily leaders. One can actually list at least *five sources of power*:⁸

- (a) that based on the expectation of a (usually monetary) *reward*;
- (b) that grounded on *constraints and fear*, which presupposes in turn the presence of credible sanctions or punishments;
- (c) that coming from some *legitimacy* conferred by widely accepted norms and customs;
- (d) that based on *respect*, which makes other people identify with the particular person;
- (e) and that, finally, which is the consequence of specific and relevant knowledge, experience, or *competence*.

Members of the above-mentioned professions usually rely on only one or two of these sources of power. As we will argue below, however, a key *characteristic of*

“There also exists a significant relationship between power and leadership. But the two notions are not synonyms.”
(Northouse, 2001)

“Characteristic of the leader is to be able to use all five sources of power, to various degrees and in a timely fashion:

- 1) *reward*;
 - 2) *constraints and fear*
 - 3) *legitimacy*
 - 4) *respect*
 - 5) *experience and competence.*”
-

⁶ Zaleznik, A. (1992, may-june), «Managers and leaders: are they different?», *Harvard Business Review*, pages 126-135.

⁷ Northouse, P.G. (2001), *Leadership: Theory and Practice*, Sage (second edition).

⁸ French, J.R.P. and B. Raven (1959), «The bases of social power», in D. Cartwright (éditeur), *Studies in Social Power*, published by the Institute of Social Research of the University of Michigan.

the leader is to be able to use all these sources, to various degrees and in a timely fashion.

2. The *skills* of leadership

A frequently heard saying is that someone is a "natural" leader. Such a statement reflects the commonly held idea that someone is necessarily born a leader, that a true leader must possess distinctive skills which set him or her apart from others *a priori*. The first investigations of leadership wanted precisely to grasp those innate features that differentiate a leader from a follower, and that differentiate the performing leader from the one who fails. A *skill* was hereby defined as some physical or psychological trait to which the emergence and subsequent success of a leader could be clearly attributed, and that could be captured through rigorous observation and data analysis.

A classical survey (and critique) of results along that line of research can be found in two essays by R. M. Stodgill published respectively in 1948 and in 1974.⁹ The former covers more than 124 studies made between 1904 and 1947, including certain works that had not yet been published. The latter considers 163 studies realized afterwards and compares the newer findings with the older ones. Several features have indeed been found that distinguish leaders from followers, performing leaders from unperforming ones, and leaders figuring at the top of a hierarchy from leaders of minor status. The emergence and success of a leader can be attributed to the simultaneous presence of **9 criteria**, that is:

- (1) a strong desire to take responsibilities and get the job done,
- (2) energy and persistence in the pursuit of objectives,
- (3) originality, and even risk taking, in the resolution of problems,
- (4) initiative in establishing social relationships,

*“The emergence and success of a leader can be attributed to the simultaneous presence of **9 criteria**.”*

⁹ See Stodgill, R.M. (1948), «Personal factors associated with leadership: a survey of the literature», *Journal of Psychology*, volume 25, pages 35-71.; and Stodgill, R.M. (1974), *Handbook of Leadership: A Survey of Theory and Research*, The Free Press.

- (5) undisturbed self-confidence and a genuine sense of some *personal* contribution to the world,
- (6) willingness to face the consequences of one's own decisions and actions,
- (7) the ability to handle stress,
- (8) willingness to keep going despite repeated delays and frustrations,
- (9) and the ability to configure one's environment according to one's objectives.

Anticipating current research, however, Stodgill reports that the skills and features associated with good leadership vary necessarily with the situation at hand. Technically speaking, part of the variance linked to a leader's performance can be explained, not only by personal traits, but also by some contextual parameters, and by the interaction between those two aspects. Someone does not become a successful leader only by displaying a combination of intrinsic skills and character traits, for these also need to fit the current landscape. Someone may be a leader within a specific group or under peculiar events, but not in other contexts. Leadership results partly from the fact of being at the right place at the right time.

Theories of leadership based on the analysis of innate skills are still intuitive. Drawing from more than a century of active research, they offer many insights to whoever would like to screen out potential leaders. But they also exhibit important drawbacks. First, the list of skills has tended to become arbitrarily long. Second, some conclusions may either contradict each other or be based on thin evidence. Third, some contextual parameters are still largely ignored, and certain performance criteria, such as employee productivity and job satisfaction, have not been well integrated into the analysis. Fourth, and more importantly, the prescriptive scope and consequent usefulness of these studies in a business context remain rather limited, for defining a leader as someone who possesses some inborn talent appears to deny a given organization the possibility to eventually *produce* leaders via formal training and experience. The main motivation of subsequent theories which focused on a leader's style and conduct was therefore the necessity to remedy the latter lacuna.

“Leadership results partly from the fact of being at the right place at the right time.”

3. Leadership styles

Growing dissatisfaction with respect to theories of leadership based on inborn skills - which was mostly due to casual but compelling evidence that leaders could also be produced to some extent – gave birth in the 1940s to an alternative approach centered rather on leadership *styles* or the conduct specific of leaders. Instead of focusing on the peculiar traits of a leader, this approach seeks to emphasize *what a leaders does and how he or she behaves*.

The behavioral features of interest are those which truly influence others and which are deemed acceptable at a given time and place.¹⁰ Such features belong to two broad categories: *those labelled as relational* and *those which are associated with specific tasks*. The former aim to make followers feel comfortable, with themselves, with others, and with respect to the actual context; the latter must support the achievement of concrete objectives. Prescriptive theories of leadership, which seek to advise leaders on how to improve their performance, usually look for a balanced combination of features belonging to the *two* categories.

The line drawn between leadership skills and leadership styles does remain rather fuzzy, however. But scholars who support the latter approach differ notably from those who promote the former view by the emphasis they put on the fact that leadership is not solely a matter of personality. According to them, *any individual can become an effective leader in a given organization provided he or she succeeds in discarding certain kinds of behavior (however "natural" they are) and in developing others*.¹¹

Some systematic studies which are perhaps the most widely known are the ones realized at the beginning of the 1950s respectively at Ohio State and Michigan State universities. Another seminal study, which extended the previous ones, is also

“Instead of focusing on the peculiar traits of a leader, this approach seeks to emphasize what a leaders does and how he or she behaves.”

¹⁰ House, R. J. and M. L. Baetz (1979), « Leadership : some empirical generalizations and new research directions », *Research in Organizational Behavior*, volume 1, pages 341-423.

¹¹ Farkas, C. M. and S. Wetlaufer, S. (1996, may-june), « The ways chief executive officers lead », *Harvard Business Review*, pages 110-122.

that made by R. R. Blake and J. S. Mouton in the 1960s. Let us now briefly summarize these works.

X *The Ohio State University study*

This study first looked at what some individuals do as leaders, via a questionnaire asking followers to describe how their leader actually behaves. Many people from areas as diverse as education, manufacturing, or the military answered what was to become widely known as the *Leader Behavior Description Questionnaire*.¹² Results indicated that a leader's conduct can either be *stimulating* or *structuring*.

Stimulating behaviors generate trust and mutual respect, and to some extent warmth in the daily interactions between the leader and fellow team members. They signal a desire to foster communication between the leader and his or her followers, together with an openness to stakeholders' involvement in decision making.

Structuring behaviors relate on the other hand to the organization, definition and configuration of tasks and responsibilities. The empirical analysis reveals that these can be positively, negatively, or not at all correlated with stimulating behaviors.¹³ Looking at various combinations of both types of behaviors and at their relationship with some performance criteria (complaints, employee turnover, etc.), furthermore, it was found that an effective leader could compensate some shortcomings in structuring behaviors with an increase in stimulating actions; a low score on the stimulation dimension, however, could not be overcome with more or less structure. *It seems therefore that a minimal amount of stimulating behaviors is a necessary condition for achieving effective leadership.*¹⁴

“Stimulating behaviors generate trust and mutual respect, and to some extent warmth in the daily interactions between the leader and fellow team members; Structuring behaviors relate on the other hand to the organization, definition and configuration of tasks and responsibilities.”

“It seems therefore that a minimal amount of stimulating behaviors is a necessary condition for achieving effective leadership.”
(Fleishman and Harris, 1962)

¹² For a full description of this questionnaire, see J. K. Hemphill and A. E. Coons (1957), « Development of the Leader Behavior Description Questionnaire », in R. M. Stodgill and A.E. Coons (éditeurs), *Leader Behavior : Its Description and Measurement*, Ohio State University Bureau of Business Research. The LBDQ is acknowledged to possess certain flaws, but it remains broadly utilized.

¹³ Landy, F.J. (1989), *Psychology of Work Behavior*, Belmont (fourth edition).

¹⁴ Fleishman, E.A. and E.F. Harris (1962), "Patterns of leadership behavior related to employee grievances and turnover," *Personnel Psychology*, volume 15, pages 43-56.

**Leadership conducts, classified according to the
Leader Behavior Description Questionnaire**

Stimulating

He/she does not personally favor certain group members.
He/she does a lot to make group membership enjoyable.
He/she is easy to understand.
He/she takes time to listen.

Structuring

He/she makes his/her principles and motivations clear.
He/she tries out new ideas with the group.
He/she leads with an iron hand.
He/she is critical of bad work.

Note: People answering this questionnaire were asked to put on a qualitative scale, running from "never" to "always," whether each one from a set of forty such assertions applied to their view of the IDEAL LEADER. The respective weights of the two types of behavior were then obtained by summing up the scores.

X *The Michigan State University study*

Researchers concentrated here on small groups. They similarly found two prevalent types of leadership styles which recall those identified by their Ohio State colleagues and which they respectively labelled "employee orientation" and "production orientation."

Throughout the 1950s and 1960s, many studies were carried out to determine which combinations of stimulating and structuring behaviors actually maximized the output and performance of followers. Conclusions were ambiguous, although some researchers were able to say that the ideal leader had to achieve a high score on both dimensions. The majority of studies revealed in fact a positive correlation between stimulating behaviors, the satisfaction of followers, their desire to stick to this job, and their daily presence at work. But the precise relationship between structuring behaviors, productivity, and followers satisfaction could vary according to the type of measurement used, the context, the objectives that were pursued, and the personnel that was being considered. To be sure, structuring

behaviors were noticeable among top executives in charge of planning and coordinating, and also among lower-level employees in charge of production. In general, however, *too much insistence on structure may not be desirable, but a certain amount of command and oversight is an ever present feature of the good leader*, particularly when followers seem poorly motivated or trained.

X *The "leadership grid" of Blake and Mouton*

Within the research stream considering the conduct of leadership, a well-known model is that proposed initially by Blake and Mouton. It builds on categories similar to the previous ones – namely, *concerns about people* and *concerns for the bottom line*, it seeks to explain how leaders can improve the performance of their respective organization, and it is still widely used in executive training and leadership development programs.

The grid is illustrated in Figure 1. The horizontal axis corresponds to concerns for the bottom line and the vertical axis to concerns for people. Each axis represents a scale (in practice running from 1, the minimum, to 9, the maximum). Several leadership styles can then be pictured; the actual figure provides five of them.¹⁵

Point E corresponds to a so-called "authoritarian-conformist" style, that labelled A, at the opposite, relates to a conduct of leadership referred to as "country club." A leader whose behavior gets the score C can be seen as a consensual person who seeks a balance between enhancing the welfare of his or her followers and achieving high returns. Point D, however, reflects ailing leadership. Finally, the style corresponding to point B is that of an effective project leader with a precise agenda and tight scheduling; one might think that this leadership style would always be optimal, but many leadership experts currently stress that *there are circumstances where the firm's and its employees' objectives are so different that it*

"Too much insistence on structure may not be desirable, but a certain amount of command and oversight is an ever present feature of the good leader."

¹⁵ Following Northouse, P.G. (2001), *op. cit.*

is not possible to simultaneously display high concern for people (as defined in the grid) and high concern for the bottom line.

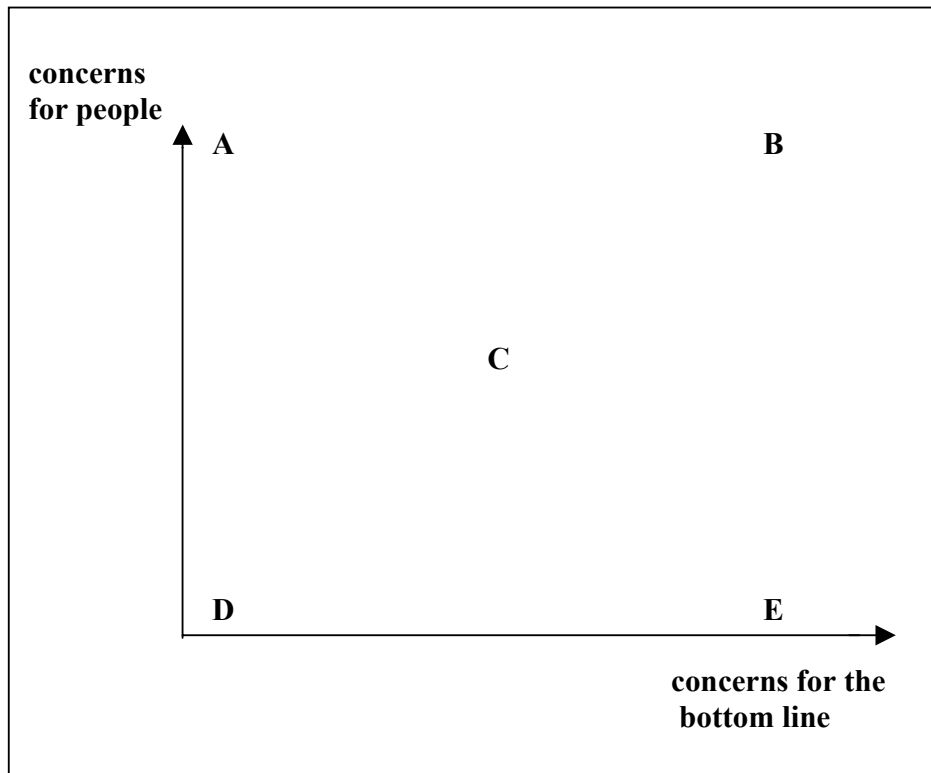


Figure 1. The leadership grid

Blake and Mouton also assert that any leader has some prevalent behavior which he or she exhibits in most situations, but that *some might rely on a "back up" (often hidden) style when put under pressure or when their usual style meets with fierce opposition*. It has been seen, for example, that a leader who was generally gentle could start a meeting on a relaxed and friendly mode but end it in the authoritarian-conformist style centered exclusively on the bottom line.

More recently, based on a random sample of 3871 subjects drawn from a population of 20 000 executives spread all over the world, the consulting firm Hay/McBer identified six distinct leadership styles that seem to have a direct impact

"There are circumstances where the firm's and its employees' objectives are so different that it is not possible to simultaneously display high concern for people (as defined in the grid) and high concern for the bottom line."

"The Leadership Grid."

on the atmosphere and financial results of a team, a division, or a company.¹⁶ Those styles are given in the following table. That study reports, in particular, that the conduct labelled as "authoritative" had the most positive impact on work climate, followed respectively by those behaviors called respectively "affiliative", "democratic", and "coaching."

An authoritative conduct provides direction and a common end to a group, while leaving everyone free to innovate, experiment and take calculated risks. Followers then feel mobilized and proud to work for the firm. A nice application of the authoritative leadership style was recently displayed by Bob Pittman, CEO of *Six Flag Entertainment*, a firm that owns and operates theme parks. He was told one day that guardians were unpleasant to visitors. After paying several subsequent personal visits on the spot, he observed that customers often threw garbage in the alleys, which made guardians angry since they were required to keep the area as clean as possible. He chose to frame a guardian's task differently and more broadly: their role was then defined as seeking to enhance a visitor's enjoyment. Since a visitor would normally dislike dirty alleys, a guardian was still expected to eliminate trash, but this now had to be done in a more relaxed and serene way. This approach proved particularly effective in this context, where guardians as a group needed reinforced, yet consensual, objectives.

The affiliative style, on the other hand, contributes to enhance personal links between individuals and to create exceptional loyalty towards the leader. An affiliative leader generally knows how to manage tensions, to heal the wounds resulting from a conflict, and to pull a team together. Such a leader, however, may display an excessive desire to be appreciated and to avoid confrontation, which can be dangerous when, for example, it is time to change the organization or to engage in a harsh and risky business.

“The consulting firm Hay/McBer identified six distinct leadership styles that seem to have a direct impact on the atmosphere and financial results of a team, a division, or a company.”

“The affiliative style, on the other hand, contributes to enhance personal links between individuals and to create exceptional loyalty towards the leader.”

¹⁶ See Goleman, D. (2000, march-april), «Leadership that gets results», *Harvard Business Review*, pages 78-90.

Leadership conducts

Styles	Characteristic	Typical sentence	Impact on work climate
Authoritative	Mobilizes towards a common vision	"You shall be proud to say: I was here!"	very positive
Affiliative	Emphasizes personal links and harmony	"We all constitute a great family..."	positive
Coaching	Develops people for the future	"Come on! You can do it."	positive
Democratic	Seeks consensus and participation	"What do you think? Do you agree?"	positive
Pacesetting	Conveys demanding performance levels	"Do as I do, and now!"	negative
Coercive	Asks for immediate adjustments	"Do what I say."	negative

One style that is less frequently encountered and seems increasingly needed in the New Economy is the coaching one. It consists in helping followers to become aware of their respective strengths and weaknesses and to relate these to their personal and professional aspirations and to the objectives of the organization. According to Patrick O'Brien, CEO of *Johnson Outdoors* - a manufacturer of sports and leisure articles – and an enthusiastic supporter of this leadership style, "getting to understand individual people is more important than ever. If you have this one-hour conversation with someone [which expands from short-term job considerations to explore personal dreams and intrinsic professional motivation] right at the beginning, six months later, on a Friday night, they will make the giant leap for you." Such a leadership conduct usually tolerates short-term failure; depending on the particular organization and tasks at hand, this might constitute an advantage (when it comes to manage and develop talent, for instance) but also a danger (under financial distress, for example).

When he became CEO of IBM in 1994, Lou Gerstner relied on a democratic leadership style that brought impressive results. The firm was then in a bad market and financial position. But Gerstner put the firm back on track by relentlessly

"Leadership Conducts."

"One style that is less frequently encountered and seems increasingly needed in the New Economy is the coaching one."

"A democratic leader seeks the advice and agreement of many of his (often more) experienced colleagues."

seeking the advice and agreement of many of his (often more) experienced colleagues. After this success, some top executives have tried to systematically implement this leadership style in their respective company. For instance, David Morgan, CEO of the Westpac Bank, an Australian bank, dedicates 20 working days per year to meet the 800 managers of the firm in groups of 40 and listen to their feedback. This case shows, however, one significant limitation of democratic leadership: it requires a lot of time and energy, and it might even cause organizational inertia.

On the opposite side of democratic leadership lay the pacesetter and coercive styles. A pacesetter executive expects outstanding performance from oneself and his or her followers. His or her standards are always very high and demanding, which often generates impatience and intolerance vis-à-vis those followers who are perceived as underperforming. If he or she deems it necessary, he or she will not hesitate to review entirely the work of a follower experiencing some difficulties, without much regards for the latter's feelings in the process. A lack of empathy and self-consciousness characterizes this peculiar leadership conduct which, although it may destabilize a group and exacerbate personal conflicts, can be effective, either to lead a strongly motivated and competent team subject to high-precision requirements, or to start a new firm where growth is a priority. A coercive leader would similarly show little taste for communication, explanation and dialogue. All he or she wants is to be obeyed, and the only feedback provided to followers focuses on errors and mistakes. This conduct might after all be needed, however, in emergency situations or under deep organizational crises, for instance, when the absence of an iron hand could entail disastrous consequences.

Interestingly, the Hay/McBer study also reports that *the most effective leaders do not use only one style but are able to adopt various conducts depending on the circumstances they face*. By analogy, one might see the above leadership styles as a set of golf clubs: as the expert golf player knows which club to use according to distance from the green, the state of the field, the wind, and so on, an effective leader should also see in the very first minutes of a conversation whether the employee needs an ultimatum (requiring a coercive or a pacesetter style) or

“A pacesetter executive expects outstanding performance from oneself and his or her followers.”

“The most effective leaders do not use only one style but are able to adopt various conducts depending on the circumstances they face.”

some encouragements (thus requiring a coaching style), whether he can find renewed energy by being asked questions about his projects and motivations (meaning an affiliative style), or whether he would provide additional effort after being simply asked for his opinions and suggestions (meaning a democratic style). An executive who is more versatile and capable of various leadership conducts would foster an organization's climate and performance. To be sure, a recent study about the relationship between leadership styles and school performance, carried out in 42 establishments for the United Kingdom government, revealed that in 70% of the better schools, the principal displayed at least 4 so-called "positive" leadership styles that he or she used according to circumstances, while in two thirds of the schools labelled as mediocre the director relied on one or two, usually "negative," leadership styles.¹⁷

Few executives can of course display all leadership styles in an appropriate and timely fashion, and are able to recognize precisely the leadership conduct that precisely fits the available context. One solution is to team up with other leaders whose leadership conducts are complementary: a production and operations vice-president having an affiliative style could, for example, add to his or her executive team a pacesetter colleague, making him responsible of scheduling and meeting deadlines. A somewhat longer but less hazardous remedy would rather build on the recent finding that the common denominator of the previous leadership styles seems to be a set of skills pertaining to *emotional intelligence* (see the following table). The leader-to-be should then seek to extend his or her list of available styles through some persistent work on oneself aiming to increase emotional capabilities: for instance, a manager who is spontaneously coercive should try to improve his or her empathy and communication skills, in order to adopt when needed an affiliative leadership style.

Theories of leadership that centered on a leader's conduct have overall significantly contributed to leadership training. They are widely invoked in the

"Few executives can of course display all leadership styles in an appropriate and timely fashion, and are able to recognize precisely the leadership conduct that precisely fits the available context."

¹⁷ Based on the *Hay Group* report for the Ministry of Employment and Education of the United Kingdom (2000).

design of personnel development programmes, where they allow participants to assess their current behaviors and improve their own practice of leadership. They still are unsatisfactory to some extent, however. Scholarly research has not been able, for example, to grasp the exact relationship between concern for people, concern for the bottom line, and ex post performance. Also, no generic set of distinct leadership conducts has also been found, which would be effective in all circumstances. There now exist several differing classifications of leadership styles. Authors like Yukl (1981), for instance, propose an alternative (and somewhat influential) classification based on the various activities and functions expected from a leader, such as networking, organizational and employee support, conflict management, team building, employee motivation, problem solving, and control.¹⁸

¹⁸ Yukl, G. (1981), *Leadership in Organizations*, Prentice-Hall (first edition).

Emotional intelligence and leadership¹⁹

During the last decade, research on the competencies of leadership has underlined the significant contribution of what is now called "emotional intelligence." The intellect, in particular such cognitive skills as the abilities to synthesize and to anticipate the long run, remain of course necessary for success. But those competencies relating to emotional intelligence now seem to play a key role at the highest levels of any organization, where technical proficiency stops making a difference. To be sure, as *someone reaches the highest hierarchical levels, those competencies pertaining to emotional intelligence seem to have the greatest impact on his or her effectiveness as a leader.*

Emotional intelligence can be viewed as having four dimensions:

- (1) *self-consciousness* (which includes harmony with oneself, self confidence, intuition, having an accurate image of oneself, knowing one's strengths and weaknesses, and having a sense of what is essential);
- (2) *management of oneself* (which comprises self control, integrity and trustworthiness, adaptability, personal drive and initiative, and optimism);
- (3) *interpersonnal intelligence* (which means **empathy**, political wisdom, tact and diplomacy, and having a sense of duty);
- (4) *management of relationships* (which includes emulation, influence, a concern for collaboration and the growth of others).

The main ingredients of a leadership conduct that would have a positive impact seem to be self consciousness and empathy, the latter encompassing the ability to listen to others and integrate their respective views.

4. The *situations* that yield a leader

A Gallup survey of more than 2 million people working in 700 American firms has shown that the main determinant of employee productivity and job satisfaction is the quality of the relationship with one's boss. In their analysis of 177 distinct studies which altogether targeted more than 28 000 managers, on the other hand, Boyatzis and McKee (2001) report that a manager whose hierarchical level is

¹⁹ This box borrows substantially from the recent book of D. Goleman, R. Boyatzis et A. McKee (2001), *Primal Leadership*, Harvard Business School Press.

high was also more likely to receive less feedback from colleagues, and the problem actually became more acute when the leader is a woman or a member of some visible minority. This accounts for what is often called "the CEO's curse," which refers to the informational vacuum that surrounds a leader when his or her collaborators tend to hide or modify some key (and often unpleasant) informations.

The previous studies, which centered on a leader's style or intrinsic skills and basically ignored the context, could hardly cope with these phenomena. A new paradigm thus arose in the 1980s, which emphasizes the *specific relationship* between a given leader and his or her follower. From this paradigm have emerged the complementary approaches respectively called *transactional* and *transformational*. The former embeds a trading dimension: it specifically considers the monetary and nonmonetary transactions inherent in a leader-follower relationship, like for instance the promotions which advantages exceed or not what the employee expected, or the nature and scope of past promises made and delivered by the leader.²⁰ The latter focuses on variables that make a leader an *agent of change*.

This approach finds its origins in the seminal work of J.M. Burns, a sociologist and political scientist whose impact on the study of leadership has been significant.²¹ In this framework, leaders and followers contribute to shape each other: through mutual interaction, each one brings the other to a superior (or inferior!) level of moral consciousness and motivation, and to the achievement of some potential.²² The aim of leadership is then summarized by this statement from French writer André Malraux: "One must make people aware of the greatness they have in their own self."

The notions introduced by Burns allowed to create a new tool for the empirical study of leadership - the *Multifactor Leadership Questionnaire* (MLQ) - which can put relative weights on transactional and transformational elements, as

"A new paradigm thus arose in the 1980s, which emphasizes the specific relationship between a given leader and his or her follower."

"The transactional approach specifically considers the monetary and nonmonetary transactions inherent in a leader-follower relationship; the transformational approach focuses on variables that make a leader an agent of change."

²⁰ See Northhouse (2001), op. cit.

²¹ Burns, J.M. (1978), *Leadership*, Harper & Row.

²² On this subject, see M. Sashkin and W.E. Rosenbach (1993), "A new leadership paradigm," in W.E. Rosenbach et R.L. Taylor (éditeurs), *Contemporary Issues in Leadership*, Westview Press (third edition), pages 87-108.

well as on certain behavioral aspects specific to each dimension.²³ It has been shown that the two dimensions are actually independent, in the sense that an individual might very well succeed in one or the other dimension, in both, or in none of them. An executive might, for example, exhibit either a transactional leadership based on group working standards or a transformational leadership which draws on a passionate and energizing explanation of the pursued objectives.

The MLQ highlights 2 key elements of transactional leadership:

- (1) *Contingent rewards*, which refers to the system of controls and rewards leaders and followers agree upon at the beginning of their relationship.
- (2) *Management by exception*, where one considers specific interventions by the actual leader when things go wrong or when the followers make mistakes. It is then useful to depict the nature and scope of the critiques, feedbacks and sanctions that the leader relies upon.²⁴

Four aspects of transformational leadership can also be singled out:

- (a) *Charisma*, which underlies emulation and spontaneously brings a follower to imitate the leader.
- (b) *Inspiration*, which generates high morale and expectations, and generally translates into greater loyalty towards the leader.
- (c) *Listening*, which reflects the leader's concern for each particular follower, and the way the latter is motivated to grow personally and professionally through the proposed challenges.
- (d) *Intellectual stimulation*. Leaders achieving a higher score on this dimension generally encourage their followers' risk taking and creative thinking, as well as their positive criticism with respect to their own work, that of their superior, and the way the organization itself operates.

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“Four aspects of transformational leadership:

*1) Charisma;
2) Inspiration;
3) Listening;
4) Intellectual stimulation.”*

²³ Bass, B.M. (1985), *Leadership and Performance beyond Expectations*, The Free Press.

²⁴ Bass, B.M. and B.J. Avolio (1993), "Transformational leadership: A response to critiques," in M.M. Chemers and R. Ayman (editors), *Leadership Theory and Research: Perspectives and Directions*, Academic Press, pages 49-80.

The following table provides some concrete illustrations of these various elements of leadership.

Aspects of situational leadership

Contingent rewards: "I reward those who fulfill their objectives."

Management by exception: "I tell everyone what they need to know in order to do their job well."

Charisma: "Others trust me entirely."

Inspiration: "I help others to find a genuine purpose to what they do."

Listening: "I give personal attention to those who seem excluded."

Intellectual stimulation: "I make people see some well-known problems differently."

Recent studies show that transformational aspects have a greater impact on followers than transactional ones and generally yield results that go beyond expectations.²⁵ Followers' loyalty and job satisfaction is also positively correlated to the amount of transformational leadership displayed in the organization.²⁶ An effective transformational leader uses his or her status, not only to define and assign tasks, but also to frame and train his or her followers.²⁷ He or she thereby constitutes a true agent of change, able to articulate and convey a vision for the organization. The transactional leader, on the other hand, resembles the manager as described previously.

The transformational approach to leadership is now being actively developed by academic researchers and is finding multiple applications within

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²⁵ Bass, B.M. and B.J. Avolio (1990), "The implications of transactional and transformational leadership for individual, team, and organizational development," *Research in Organizational Change and Development*, volume 4, pages 231-272.

²⁶ Barling, J., T. Weber and E.K. Kelloway (1996), "Effects of transformational leadership training on attitudinal and financial outcomes: A field experiment," *Journal of Applied Psychology*, volume 81, pages 827-832.

²⁷ Sashkin, M. and W.E. Rosenbach (1993), op. cit.

public and private organizations. Its strength is to focus resolutely on the specific relationship between a leader and a follower. Several notions still need clarification, however, and some authors tend to simply consider it as an updating of the old skill-based theories of leadership. While the latter would see charisma, for instance, as an inborn trait entailing vision, energy and example,²⁸ supporters of the transformational approach would argue that charisma is firstly a matter of perception, expectations, and relationship: in other words, it is the peculiar circumstances that leaders and their followers experience, together with their respective viewpoints, that yield a charismatic leader.

Charisma

Charisma is the most important and widely studied feature of the transformational approach to leadership.²⁹

German sociologist Max Weber (1922-1963) was the first one to use the word "charisma" – a Greek word that means "gift from the gods" – in relation with the leadership phenomenon. He was thereby referring to a rather mystical and magnetic person with peculiar ability to face crises and transform organizations.

Two conditions seem necessary for the emergence of a charismatic relationship between a leader and some followers. First, the leader must be a person with undefeatable determination, self-confidence and convictions. Second, some people must be willing to follow him or her *at almost all costs*.

One often associates charismatic leaders with individuals that Freud would have labelled as "narcissic," for example Gandhi, Roosevelt, Napoleon, Churchill, and De Gaulle, as well as Carnegie, Rockefeller, Ford and Edison.³⁰ Such individuals truly correspond to the image one has of great leaders: i.e. persons with an incredible vision and endowed with a rare sense of persuasion. Leaders of this sort, however, have a tendency to become intolerant, averse to criticism, and isolated. They often are mediocre listeners, especially when being challenged. Lack of empathy is also another weakness, although this did not prevent leaders like Stalin to inspire their compatriots when this was urgently needed. Narcissic leaders do not like mentors and possess an intense desire to win. According to Maccoby (2000), in the present times characterized by the acceleration of innovation, there is no alternative to narcissic leaders, for business firms need people who can frame and fashion the future. *A charismatic leader who remains aware of his or her own limitations might currently constitute the best of leaders.*

²⁸ See R.S. Tedlow (2001, november-december), "What titans can teach us," *Harvard Business Review*, pages 70-79.

²⁹ Bass, B.M. (1990), op. cit.

³⁰ Maccoby, M. (2000, january-february), "Narcissistic leaders: The incredible pros, the inevitable cons," *Harvard Business Review*, pages 69-77.

5. Making leaders

At the dawn of the New Economy, which is characterized by decentralization and high uncertainty, demand for leadership is booming. This can easily be understood when considering the not so untypical case of *General Electric*: in this company, a manager who had to supervise 7 people on average in the early 1980s must now handle a team of about 20 employees. It is thus not very surprising that researchers like Goleman, Boyatzis et McKee (2001), for example, would observe recently that the firm's working climate – i.e. how employees feel while working at the firm – explains between 20 to 30 percent of short-term financial results, and that a sizeable 50 to 70 percent of this working climate would in turn depend on the boss's recent decisions. An increasing number of case studies, field studies and surveys now further corroborate the traditional wisdom that an organization's performance depends strongly on the presence of good leaders, at all hierarchical levels. Hence, over the period between 1985 and 1995 in the United States, executive training budgets devoted to leadership development have been multiplied by a factor of four. And according to some recent polls, about 60% of American firms now put the making of leaders on top of their current agenda.

This section aims to provide a perspective on leadership development in business, based on the theories presented in the preceding sections. These theories can indeed be related to some steps of a successful development of leaders: those centered on inborn skills (section 2) first allow to articulate more precise criteria for the selection and screening of promising individuals, those that consider leadership styles (section 3) then provide some tools for the design and implementation of appropriate *training programs*, and those focusing on situations (section 4) allow

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finally to set an *organisational framework* that best nurtures the supply of good leaders.³¹

(a) Screening

The first step in leadership development consists in appraising precisely the needs of the firm and, consequently, the sort of leaders one wants. An organization can be facing two kinds of problems: technical problems and adaptation problems. Leadership is primarily a solution to the latter. Adaptation problems must then be carefully identified and described, in order to establish the leadership profiles actually needed.

This exercise amounts to define the necessary leadership competencies in two classical ways: by using concrete examples or by formulating criteria. The first way seems more appealing, but it is strongly subject to fads and fashion. For the business literature easily tends to worship some (temporary) "stars," such as Jack Welch, Jean-Marie Messier, or even Kenneth Lay, while these "super leaders" often fall into disfavor after some time.³² The more reliable readings now avoid to promote such "super heroes"; they focus instead on concrete and well-documented cases of men and women who got their organization going while staying away from projectors and cameras.³³ Some firms, like *Fedex* and *Unilever*, have otherwise opted for the second path and the adoption of specific criteria to identify potential leaders. For example, Ralph Larsen, chairman of the international pharmaceutical products division at *Johnson & Johnson*, has put up a research team in charge of evaluating 358 mid-career executives according to leadership skills defined in the

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³¹ On the latter, the reader may find it useful to look at Bean, J. (2001), *Leadership Modules*, which is available on the internet at the following address: <http://www.skillsforleaders.com/>.

³² In its May 10, 2002 issue, *The Economist* provides an interesting discussion of this point in an article entitled precisely "Fallen Idols – The overthrow of celebrity CEOs."

³³ Litwin, G., J. Bray, and K. L. Brooke (1995), *Mobilizing the Organization – Bringing Strategy to Life*, Prentice-Hall. For an original and compelling illustration of the effectiveness of "low-profile leaders," particularly when it is time to promote ethical standards, see J. L. Badaracco, *Leading Quietly*, Harvard Business School Press, 2002.

ECI-360 – a tool for measuring emotional intelligence.³⁴ One frequently used method is also the 360-degree assessment (see the following box). Certain authors finally offer a list of generic criteria that, despite the criticism made in section 2, might constitute a valuable starting point.³⁵

The list given at the beginning of section 2, for instance, comprises 9 possible criteria. Based on thirty years of experience at *McKinsey*, Marvin Bower proposes on the other hand the following leadership attributes:

- *trustworthiness*, i.e. integrity, transparency, and even candor;
- *fairness*, defined as the absence of biases towards followers;
- *unassuming behavior*, i.e. self confidence through simplicity, by contrast with selfishness, arrogance and pretention;
- *listening*, keeping in mind that this must adjust to cultural differences ("When most Britons nod their head, it means 'I understand you,' not 'I agree with you.'")

360-degree Assessments

A useful method to obtain a consensual image of the leadership skills that are needed is the so-called 360-degree assessment. Executives tend to prefer networking, communication and influence as key capabilities of a leader, while followers favor instead employee development, cooperation and empathy. By getting information from the *whole* professional community (bosses, colleagues, employees) of someone who occupies a key position, it should be possible to obtain a complete perspective over this person's most relevant talents and flaws. If, for practical reasons, one then wishes to put relative weights on the opinions gathered, it seems that, according to McEvoy and Beatty (1989), the viewpoints of followers and colleagues – rather than that of bosses - provides a better prediction of a candidate's future effectiveness as a leader.³⁶

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³⁴ For more information about this tool, see the website www.eisglobal.com.

³⁵ Tichy, N. M. (1997), *The Leadership Engine*, Harper Collins. Bower, M. (1997), "Developing leaders in business," *McKinsey Quarterly*, no. 4, pages 4-17.

³⁶ See for example McEvoy, G. and R. W. Beatty (1989), "Assessment center and subordinate appraisals of managers: A seven years examination of predictive validity," *Personnel Psychology*, pages 37-52.

- *open-mindedness*, i.e. the ability to receive suggestions and to question one's own ideas, if necessary;
- *sensitivity to people*, which allows to understand, and to anticipate, what others may feel and think;
- *sensitivity to situations*, or the ability to read the current business and organizational landscape correctly;
- *initiative*, or individual drive and enthusiasm;
- *good judgment*, which includes a sense of priorities and a balance between reason and intuition;
- *flexibility and adaptability*, i.e. the capability to quickly grasp new opportunities or get back on track after making some strategic mistake;
- *the capacity to make sound and timely decisions*;
- *the capacity to motivate*, which has obvious prerequisites such as the ability to communicate and convince;
- *a sense of urgency*, for people often prefer to work when and where they feel it matters.

This list could also include the *sense of humor* - which can also vary according to the local and business cultures – and the *ability to handle stress*.³⁷

(b) Training

After leadership needs were identified and potential leaders selected, the goal is to make the latter achieve their potential. This first requires formal training. Firms like *General Electric*, *Federal Express*, the *National Australia Bank*, *Pepsico*, and *Ernst & Young* have recently implemented, somewhat successfully, some leadership training programs. In their book devoted to this subject, Conger and Benjamin (1999) report that *all these programs comprise three successive steps: (1) the development of individual conducts, (2) the diffusion of the*

³⁷ Concerning the linkage between communication and leadership, see Bushe, G. R. (2001), *Clear Leadership*, Davies-Black Editions.

*organization's values and vision, and (3) training towards managing strategic initiatives.*³⁸

Individual conducts to be developed would respond to the needs and lacunae detected as candidates where being selected. An attempt to fulfill these was undertaken recently at the *National Australia Bank*. Groups made of pre-selected people from diverse backgrounds were sent to internal and external training institutes. They then met professional trainers, whose teaching built on case studies, discussions, simulations and 360-degree assessments. These methods were quite demanding in time resources and money, and they did not meet the most specific needs of the firm. They had to be supplemented by other training approaches.

Programs at the "Leadership Institute" of *Federal Express* best illustrate the second step in leadership development, which is based on tailored programs aimed at conveying future leaders the specific values of their firm (in this precise case, they can be summarized as "People, Service, Profit") and its more tacit rules. Teaching is here provided by *active managers from the firm itself* who already exhibit high performance. Between 50 and 95% of learning is empirical, i.e. based on simulations and controlled experiments that are as realistic as possible. Some organizations, like the American military, may still sometimes rely on external people (civilians) at this stage, but this occurs in order to foster exposure to various key constituencies.

The last step of leadership development finally consists in teaching potential leaders how to conceive and implement strategic initiatives. To do so, the accounting and consulting firm *Ernst & Young*, while facing some major restructuring, has articulated its "Leadership 2000" program. The goal was to make potential leaders aware of the strategic stakes underlying this organizational transformation, to smooth out the ever present conflicts generated by such a major change, and to put everybody's role in perspective. Such a program can only be successful if top managers get personally involved, if there is a careful follow up,

"These programs comprise three successive steps:

*(1) the development of individual conducts,
(2) the diffusion of the organization's values and vision, and
(3) training towards managing strategic initiatives."*
(Conger and Benjamin, 1999)

³⁸ Conger, J. A. and B. Benjamin (1999), *Building Leaders*, Jossey Bass Editions.

and if managerial systems are consistently adjusted. These features relate to the contextual aspects of leadership development that we will now consider.

(c) Experience

Several studies of the impact of leadership training programs on branch managers indicate that the latter's competencies and conducts have improved noticeably, one week after training ended; however, the actual data do not allow to conclude that such improvements have been permanent. In order to maximize the return on a leadership training program, one must first pursue it for a relatively long period of time, so that potential leaders can properly integrate and absorb new leadership behaviors. It is also crucial that potential leaders remain eager to learn: a common phenomenon when it comes to modify people's behavior is that, if some individual is forced to change conduct, newly acquired rules vanish as soon as external constraints are put down. Leadership development requires finally, and perhaps most importantly, that the firm provide a professional framework which truly nurtures the people it foresees as future leaders.

To be sure, *the firm's internal culture and management must be consistent with the pursued objectives*. One CEO cannot, for instance, claim that he or she gives considerable importance to leadership development while showing little interest for the content and functioning of the firm's training programs. It does seem, actually, that such programs are more effective when they first target top management and then spread throughout the organization. After running a large-scale leadership training program targetting 244 000 employees dispersed all over the world, *Philips*, for example, has observed that those business units which had not involved their respective boss from the very beginning were those that had experienced the most serious difficulties in reaching their objectives.

It is of course also indispensable *to set coherent and supportive managerial systems*. These signal to the rest of the firm the sort of behavior that is expected. Controls and rewards must therefore motivate potential leaders to acquire the

"In order to maximize the return on a leadership training program, one must first pursue it for a relatively long period of time, so that potential leaders can properly integrate and absorb new leadership behaviors."

expected styles. And directives sent to business units must reflect the firm's strategic goals.

The contextual theories sketched in section 4 insist also on the necessity of offering future leaders enough exposure and challenges, so that they would build themselves stronger. This presupposes *careful career management*. Many firms have recently become aware of this key aspect of leadership development. For example, they opened fast tracks to their younger stars, and increased access to top managers who could then provide appropriate coaching. This process can be formal as well as informal. Some promotion decisions can even depend on the ability of a given manager to identify and develop future leaders. At *3M*, *General Electric* or *L'Oréal*, one is encouraged to take up significant challenges right from the beginning of his or her career, through delegation and decentralization, or through explicit rewards of innovativeness in products and services development. Other firms favor some horizon and knowledge broadening throughout one's career, by constantly promoting valuable internal and external networking.

At any time, managing someone's career requires to determine the amount of authority and discretion which is appropriate to enhance his or her leadership.³⁹ When the business landscape is rather unstable, people with authority are subject to high pressure to decide – and decide well – or they may experience a definitive loss of credibility. Authority surely provides the opportunity to set the agenda, to define problems, to make things happen while keeping some control on the process, to take healing measures, and to regulate stress, but avoiding authority positions in such circumstances would also grant a potential leader some latitude to dedramatize the situation, to remain closer to action, to deploy maximal energy to fix a particular problem, and to keep a perspective on things.

“Managing someone's career requires to determine the amount of authority and discretion which is appropriate to enhance his or her leadership.”
(Heifetz, 1994)

³⁹ On this precise question, see Heifetz, R. A. (1994), *Leadership without Easy Answers*, Harvard University Press.

6. Conclusion

There are, and will probably always be, several schools of thought concerning the notion of leadership. This seems hardly avoidable, since this notion is bound to evolve in time. One may of course emphasize some traditional features of leadership, such as knowledge, trust and power,⁴⁰ but these do not have the same meaning today as they had yesterday: the present role of leaders is less to give instructions and orders than to mobilize the knowledge and intellect of all.

This paper thus recommends to adopt an eclectic viewpoint on the various theories of leadership, taking from each one what appears to be the better and most useful parts. This recommendation arises mostly from practical (and prescriptive) considerations concerning the development of leaders. To be sure, *skill*-centered theories suggest a number of valuable criteria for *screening* future leaders; *conduct*-centered ones provide a template for designing successful *leadership training programs*; and the *situation*-based theories may point out appropriate *career paths* and *managerial systems* that will make the firm a fertile land for effective leaders to grow.

“The present role of leaders is less to give instructions and orders than to mobilize the knowledge and intellect of all.”

⁴⁰ Zand, D. A. (1997), *The Leadership Triad*, Oxford University Press.