

HOW YOU LEAD MATTERS

Introduction

The context in which a leader operates today is vastly different from that which prevailed last century. Volatility, uncertainty, complexity and ambiguity are the name of the game, replacing the more fixed, stable, disconnected and centralised conditions that prevailed last century^{1,2}.

The question therefore is how do you lead effectively in this environment?

Most leaders come to rely on one or two preferred leadership styles. You build and refine your leadership approach over decades of watching others lead, through seeing what works and what doesn't, and through experimentation. Your natural preferences (based on your values, traits, what motivates you, and how you see yourself) together with the situations that you face, also play an important role in how you lead. In other words, leadership behaviour is a function of the person and the situation³.

Unlike 20th century leaders, effective 21st century leaders require a high degree of social and emotional intelligence. With the exception of pattern recognition (one of the cognitive competencies), IQ and technical abilities have become threshold skills for top leaders (necessary but not sufficient)^{4,5,6}.

Emotionally intelligent leaders also deliberately use a *range* of leadership styles, not just relying on those with which they are most comfortable. Each style has a place depending on the context and specific situation and each has an impact on organisational climate^{4,5}.

Organisational climate matters; people operating in a positive organisational climate are more engaged, more likely to stay with their employer and more likely to put in discretionary effort. There are numerous studies showing the linkage between leadership styles, organisational climate and overall business performance^{7,8} and some studies have shown that organisational climate alone can account for 20-30% of business performance⁴.

The following describes six leadership styles that are frequently cited in the leadership literature and notes their impact on organisational climate^{4,5}.

As you review each style, reflect on how frequently you adopt that style and in what situation.



Visionary

Visionary leaders provide an authoritative and clear outline of the bigger picture, why it matters, and what employees need to do to achieve it. They articulate where a group is going, but not how it will get there. This sets people free to innovate, experiment and take calculated risks. Visionary leaders engage people, seeking their reactions and input, and they provide timely, positive and constructive feedback about progress and performance.

Using inspiration together with self-confidence, self-awareness, and empathy, visionary leaders articulate a purpose in which they truly believe. This helps them guide others with a firm hand, especially during times of change. Visionary leaders don't subscribe to the "information is power" mantra; rather they are transparent and believe that distributing knowledge is the secret to success. Finally, through understanding the perspectives and feelings of others, visionary leaders can articulate a truly inspirational vision and invoke discretionary effort.

The visionary style works well in many business situations, but it is particularly effective:

- During times of change and uncertainty, e.g. when changes in the organisation require a new vision, or when a clear direction is needed; and/or
- When the leader is trusted and perceived to be credible and knowledgeable.

Visionary leadership doesn't work in every situation including when:

- There is an issue that requires immediate compliance;
- The leader is working with a team of experts who are more experienced than the leader; and/or
- The leader is not perceived as credible or the leader's actions and behaviours are not aligned with the message.

Impact on climate: Visionary leaders drive the emotional climate upwards and transform the spirit of the organisation at many levels. They also retain their most valued employees. This style builds resonance and is the most strongly positive in terms of impact on organisational climate as long as the leader employs it as his or her core style in all situations, not just on 'special occasions'.



Coaching

The coaching leadership style is all about developing capability. Coaching leaders focus on people and their potential (rather than on the task), helping them to identify their unique strengths and weaknesses, to develop the skills and behaviours they need to achieve their professional aspirations and to connect these to the overall vision and purpose of the organisation. Despite the commonly held view that contemporary leaders need to be good coaches, leaders frequently don't tend to exhibit this style. In high-pressure, tense times, leaders say that they 'don't have time' for coaching, but by ignoring this style, they pass up a powerful tool.

Coaching leaders are good at delegating, giving employees challenging assignments that stretch them, rather than tasks that simply get the job done. They can also tolerate short-term failure, understanding that it can further an employee's dream.

Coaching leadership works best:

- With employees who show initiative and want professional development; and/or
- When there is a trusting relationship between the leader and team members.

It is least effective when:

- The leader is perceived as not credible and/or not trustworthy;
- The issue demands the urgent accomplishment of a specific task; and/or
- Employees lack motivation or require excessive personal direction and feedback.

When coaching leadership is poorly executed it looks more like micro-management or excessive control. This is especially important for leaders who also rely on the pace-setting style described below.

Impact on climate: Even though coaching focuses on personal development rather than accomplishing tasks, the style generally predicts outstanding positive emotional response and better business results, almost irrespective of the other styles a leader employs. Coaching creates an ongoing conversation that allows employees to listen to performance feedback more openly, seeing it as serving their own aspirations, not just the boss's interests. Next, to the visionary style, and although indirect, this style has the most positive impact on organisational climate.



Affiliative

Affiliative leaders focus on people, their needs and feelings, and on relationships, rather than on their performance. They strive to keep people happy and create harmony and, along with the visionary and coaching styles, the style builds credibility, trust and strong relationships. It is a good “all weather” resonance builder, but leaders must not rely solely on this style as work/performance can take second place to feelings.

Affiliative leadership is the most effective:

- When there is a need to heal rifts in a team, motivate others during stressful times, strengthen connections, improve communications or rebuild trust;
- When dealing with employees in the midst of personal crises or in high-stress situations; and/or
- In matrix management situations with team members who are not direct reports.

It is less effective:

- When used to avoid challenging conversations or unpopular decisions; and/or
- In crises or complex situations needing clear direction and control.

The affiliative leadership style should not be used alone because its focus on praise can allow poor performance to go uncorrected and employees may perceive that mediocrity is tolerated. In addition, because affiliative leaders rarely offer constructive advice on how to improve, employees are left on their own to figure out how to do so. That's why many affiliative leaders use this style in close conjunction with the visionary approach. Visionary leaders state a mission, set standards, and let people know whether their work is furthering the group goals. Ally that with the caring approach of the affiliative leader and you have a potent combination.

Impact on climate: Affiliative leadership is often misused, resulting in leaders avoiding difficult decisions and conflict and thus creating frustration, favouritism and indecision. However when combined with the visionary, coaching and participative styles, it can be highly effective. Although limited as a direct driver of performance, the affiliative style has a surprisingly positive impact on a group's climate, behind only the visionary and coaching styles.



Participative (or Democratic)

Participative leaders (sometimes referred to as Democratic leaders) engage others in the leadership process, assuming equality and equal capability of team members. Leaders who execute this style effectively start by providing context and establishing processes, rules and boundaries. Then they then listen, avoiding offering negative feedback that could stifle the discussion, and they must be willing to accept the agreed outcome.

The style works well:

- Even if a leader has a strong vision, as it surfaces ideas about how to implement that vision or it can generate fresh ideas for executing it;
- When the leader is uncertain about what direction to take and needs ideas from capable team members;
- In matrix management situations where cooperation and collaboration are needed; and/or
- To resolve conflict, build consensus and commitment.

It is less effective:

- If the leader overly relies on the approach, resulting in endless meetings in which ideas are mulled over, consensus remains elusive and the only visible outcome is to schedule more meetings;
- When employees lack competence or crucial information, or need close supervision; and/or
- In times of crisis, when urgent events demand on-the-spot decisions.

Impact on climate: Although the least effective of the four resonant leadership styles, the participative style keeps team morale high and generally has a positive impact on climate.



Pace Setting

Pace Setting leaders expect excellence and exemplify it. They are all about doing better and faster and typically they have high standards and expect the same of others. Pace setting leaders lead by example. They pinpoint poor performers quickly, demand more from them, and if they don't rise to the occasion, often rescue the situation by stepping in and doing the work themselves; such is their achievement focus.

This style is most effective:

- With highly skilled professional or technical teams, or with hard driving sales teams, who are highly competent, motivated and need little direction;
- In the entrepreneurial phase of a company's life cycle when growth is all important; and/or
- In crisis or turn-around situations in which everyone, including the leader, must help with the task.

The pace setting style is often applied poorly or excessively, or in the wrong setting, in which case it can:

- Leave employees feeling pushed too hard by the leader's relentless demands;
- Leave followers having to second guess what the leader wants, as pace setting leaders often tend to be unclear about guidelines (as they expect people to 'know what to do'); and/or
- Lead to plummeting morale and a lack of trust.

Impact on climate: This is the preferred leadership style for many high achieving leaders. However often the leader's good intention of striving for perfection backfires and he/she can be seen as taking over the task. Used in small doses, this style can create resonance by leading others to meet challenges and exciting goals. Frequently though, such leaders are driven by numbers alone – which provokes anxiety. Continual high pressure can be debilitating and people shift away from pursuing an inspiring vision and into survival mode. When the style is poorly executed or in the wrong situation, its impact on climate is highly negative.



Directive (or Commanding or Coercive)

Directive leaders (sometimes referred to as Commanding or even Coercive leaders) rely on directives rather than direction, with little context setting or dialogue. Rather than delegating authority, they seek tight control of the situation and monitor it studiously. Performance feedback from such leaders tends to be negative, corrective, and at times, coercive.

The directive leadership style is most effective:

- When applied to simple straightforward tasks;
- In a crisis or to kick-start a turnaround, because it can soothe fear by giving clear direction in an emergency; and/or
- With problem employees.

It is least effective:

- When applied to complex tasks and situations requiring detailed information;
- With self-motivated, capable employees; and
- When the stated consequences of not complying are unrealistic or are not enforced.

Impact on climate: The directive leadership style is the least effective in most situations. Given that emotional contagion spreads most readily from the top down, an intimidating, cold leader contaminates everyone's mood. By rarely using praise and freely criticising team members, the directive leader erodes people's spirits and the pride and satisfaction they take in their work – the very things that motivate most high-performing teams. Accordingly the style undermines a critical tool that all leaders need: the ability to give people the sense that their job fits into a grand, shared mission. Instead, people are left feeling less committed, even alienated from their own jobs, and wondering, "How does any of this matter"?

The directive leadership style has a highly negative impact on the climate of the organisation. Despite this, coercive leaders thrive the world over in surprisingly large numbers, a legacy of the old command-and-control hierarchies that typified 20th century businesses.

What next?

The Hay Group offers two instruments that measure your leadership preferences and the impact that your particular leadership style(s) has on those you lead.

Through its relationship with The Hay Group, Kemp Street Partners can organise for the administration and debrief of these tools. In addition Kemp Street Partners is accredited to administer the Hay Group's Emotional and Social Competency Inventory that will help you understand your strengths and gaps relative to the social and emotional competencies so critical to contemporary leadership.

Once you have a sound base of understanding, Kemp Street Partners will work with you to develop, and then implement, a plan for improving your leadership effectiveness.

For more information, please contact Liane Kemp at Kemp Street Partners on lkemp@kempstreetpartners.com.au or +61 488 047 194.

¹ Crossan, M. & Matzulis, D. (2008). *Transcendent Leadership*. Business Horizons. 51, p. 131–139.

² Curry, A. & Peck, J. (2014). *The 21st Century Business; Planning for success in a changing world*. London: The Futures Company.

³ Rosenbach, W. E., Taylor, R. L., and Youndt, M. A. (2012). *Contemporary Leadership Issues, 7th Edition*. Westview press: USA.

⁴ Goleman, D., Boyatzis, R., & McKee, A. (2013). *Primal Leadership*. USA: Harvard Business Review Press.

⁵ Hay Group ©2015. *Leadership Styles*.

⁶ Crosbie, R. (2005). *Learning the soft skills of leadership*. Industrial and Commercial Training, Vol. 37 Issue 1 p. 45-51. Emerald Group Publishing: United Kingdom.

⁷ Jing, F. F., Avery, G. C., & Bergsteiner, H. (2011). *Organizational climate and performance in retail pharmacies*. Leadership & Organization Development Journal, Vol. 32 Issue 3 p. 224 – 242.

⁸ Koene, B. A. S., Vogelaar, A. L. W., & Soeters, J L. (2002). *Leadership effects on organization climate and financial performance: Local leadership effect in chain organizations*. The Leadership Quarterly 13 (2002) p. 193 – 215.