

Leadership: — theory and practice

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Outline

- Introduction
- Leadership effectiveness
- Leadership and Power
- Strategic leadership
- Leadership skills
- Leadership needed for GMS cooperation



Introduction

- What role does a leader play in modern organization?
- What are the most important tasks for the leaders of a modern organization, a city or a country?
- What should they do in order to achieve their objectives?
- What is leadership?



Introduction

- Definition of LEADERSHIP: the process of providing direction and influencing individuals or groups to achieve goals
- A leader can be formally designated by the organization (formal leader) or can provide leadership without formal designation (informal leader)



Introduction

- Importance of leadership
 - A flock of sheep led by a wolf Vs. a pack of wolves led by a sheep
 - Leadership and organizational performance
 - Research has found that senior leaders' action has positive effects on the firms performance
 - Leaders who exhibited charismatic or transformational behaviors have strongest positive effect on performance
 - Effects are especially strong for firms operating in uncertain environments



Introduction

- Importance of leadership
 - Leadership becomes a critically important topic because of lack of confidence in leadership (especially in business leadership)
 - A 2003 Harris poll indicated that only 13% of US public have confidence in leaders of major companies, down from 55% in 1965
 - What if people lack of confidence on leadership?
 - No commitment to the organization
 - Lack of motivation
 - Low efficiency



Introduction

- Importance of leadership for GMS cooperation?
 - Set up the vision of an integrated, harmonious and prosperous subregion
 - Strategic framework for GMS economic cooperation
 - Direction to enhance connectivity, competitiveness and community

Deputy managing director U Kyaw Linn



Leadership Effectiveness

- What kind leader is effective leader?
- What makes effective leadership?
- How can one become an effective leader?



Leadership Effectiveness

- Warren Bennis: effective leaders are concerned with “doing the right things” rather than “doing things right”. The right things include:
 - The ability to create and communicate a vision of what the organization should be
 - The ability to communicate with and gain the support of multiple constituencies
 - The ability to persist in the desired direction even under bad conditions
 - The ability to create the appropriate culture and to obtain the desired results



Leadership Effectiveness

- Trait theory
- Behavior theory
- Contingency theory
- Transformational theory



Leadership Effectiveness

- Trait theory
 - Some people were born with certain traits that made them effective leaders, whereas others were born without leadership traits
 - Traits generated by early research include: physical characteristics (such as height and appearance), personality characteristics (such as self-esteem), and abilities (such as intelligence and verbal fluency)
 - Do you agree with this theory?



Leadership Effectiveness

- Trait theory
 - Further research found that not all leaders possess the same traits. No leadership trait has been found to relate consistently to group performance
 - Nowadays, people no longer believe that a person is born to be a leader. Many of the traits possessed by leaders can be learned or developed
 - Possessing leadership traits is not enough to make a person a successful leader. She/He must take action



Leadership Effectiveness

- Trait theory
 - Qualities a good leader has to have
 - Active
 - Alertness
 - Kindness
 - Patience
 - Positive criticism
 - Observance nature
 - +Good follower

Adapted from Secretary General Sam Ang Vong



Leadership Effectiveness

- Behavior theory
 - Job-centered Vs. employee-centered (University of Michigan studies)
 - Job-centered: leaders emphasize employee tasks and the methods used to accomplish them; supervise subordinates closely (provide instructions, checks frequently on performance); behave in a punitive manner toward employees
 - Employee-centered: leaders emphasize personal needs and the development of interpersonal relationships; frequently delegate decision-making authority and responsibility; provide a supportive environment; encourage interpersonal communication
 - Which style is more effective?



Leadership Effectiveness

- Behavior theory
 - Job-centered Vs. people-centered [examples -
- some rejection letters]
 - Kindest -- "Past experience suggests that the particular college a student attends is far less important than what the student does to develop his or her strengths and talents over the next four years." (Harvard University)
 - Most steely -- "Admission decisions are final and there is absolutely no appeal process." (Stanford University)
 - Most gracious -- "I know you will find an institution at which you will be happy; I know, too, that the school you choose will benefit from your presence." (Duke University)



Leadership Effectiveness

- Behavior theory
 - Job-centered Vs. employee-centered (University of Michigan studies)
 - Output: productivity, job satisfaction of subordinates, success in achieving production goals, absenteeism and turnover rate
 - The result of the study was inconclusive. Factors related to leadership style and performance?
 - More researchers involved in the study concluded that the employee-centered style was more effective
 - Similar study
 - Consideration Vs. initiating structure (Ohio State University)
 - Managerial Grid: concern for people Vs. concern for production (Blake and Mouton)



Leadership Effectiveness

- Contingency theory
 - Effective leadership practices are contingent on the situation
 - Fiedler's contingency theory of leadership effectiveness
 - The effectiveness of a leader depends on the **interaction** of the leader's **behavioral style** with certain **characteristics of the situation**
 - Leader style: **focusing on interpersonal relationship needs** Vs. **task-achievement needs** (Least Preferred Co-worker questionnaire, LPC)
 - Situational characteristics: **leader-member relations, task structure; leader's position power**
 - Leader's effectiveness is determined by the interaction of the leader's style of behavior and the favorableness of the situational characteristics.
 - A leader cannot be effective in all situations by exhibiting only one leadership style.



Leadership Effectiveness

- Contingency theory
 - Path-goal leadership theory
 - Leader effectiveness depends on the degree to which a leader can enhance the performance expectancies and valences of her subordinates
 - Leadership can affect employee's expectancies and valences in several ways
 - Assigning individuals to tasks which they find valuable
 - Supporting employees' efforts to achieve task goals
 - Tying extrinsic rewards to accomplishment of task goals



Leadership Effectiveness

- Contingency theory
 - Path-goal leadership theory
 - Some findings
 - Associates who have higher need for affiliation are likely to be more satisfied with a supportive leader
 - Associates with higher need for security probably will be more satisfied with a directive leader who reduces uncertainty by providing clear rules and procedures
 - Associates with higher need for growth who are working on a complex task will probably perform better with a participative or achievement-oriented leader
 - Recent research support the value of contingency models.



Leadership Effectiveness

- Transactional leadership
 - leaders provide what followers want and how they reward good performance; followers comply with leaders' wishes to gain desired rewards
- Transformational leadership
 - A leadership style that involves **motivating followers to do more than expected**, to **continuously develop and grow**, to **develop and increase their level of self-confidence**, and to **place the interests of the team/organization before their own**
 - Transformational leaders display charisma, intellectually stimulate their subordinates, and provide individual consideration of subordinates



Leadership Effectiveness

- Transformational leadership
 - Common behaviors of transformational leaders
 - Articulate a clear and appealing vision which is beneficial to the followers
 - Communicate the vision
 - Delegate significant authority and responsibility
 - Eliminate unnecessary bureaucratic restraints
 - Provide coaching, training, and other developmental experiences to followers
 - Encourage open sharing of ideas and concerns
 - Encourage participative decision making
 - Promote cooperation and teamwork
 - In many cases, an integration of transformational and transactional leadership approaches is the most effective leadership strategy



Leadership and Power

- Power: the capacity or potential to influence others' beliefs, attitudes and courses of action
 - A capacity that A has to influence the behavior of B so that B does something he or she would not otherwise do
 - Leaders use power as a way to attain group goals, and power is a means for facilitating leaders' achievement
 - A leader must have some kinds of power. However, not necessarily use certain kind of power
 - Power is a function of dependence (importance and scarcity)



Leadership and Power

- Bases of power
 - Coercive power: ability to have negative influence on others' benefit
 - One react to this power out of fear of the negative results that might occur if one failed to comply
 - Reward power: ability to bring positive benefit to others
 - People comply with the wishes or directives of another because doing so produces positive benefits
 - Legitimate power: the power a person receives as a result of his/her position in the formal hierarchy of an organization
 - Expert power: influence wielded as a result of expertise, special skill, or knowledge
 - Referent power: the power a person gets because of owning desirable resources or personal traits
 - Referent power develops out of admiration of another and a desire to be like that person



Strategic Leadership

- Main tasks of strategic leaders
 - Developing a vision
 - Managing the resources
 - Financial capital
 - Human capital
 - Social capital (internal and external relationships)
 - --communication; delegation; team building; motivation; sharing information; resolving conflicts; anticipating problems; developing mutual trust...

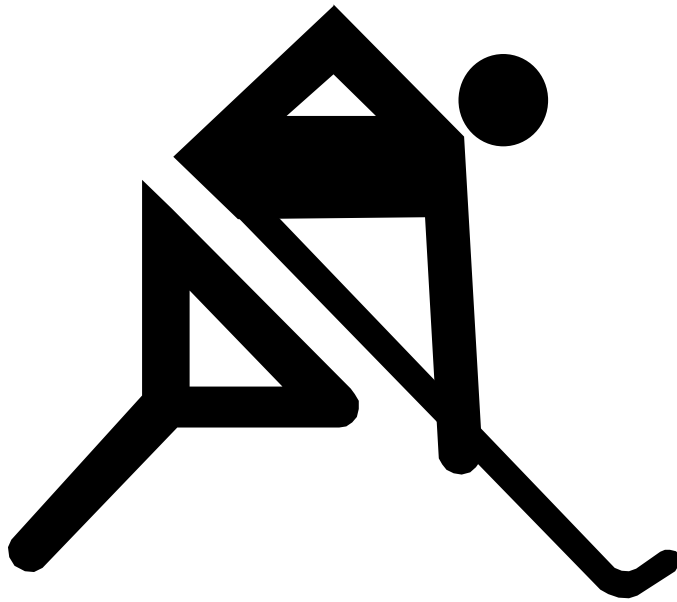


Strategic Leadership

- Developing vision
 - Leadership deals with change
 - Understand the general environment and its change
 - Poverty reduction
 - Industry evolvment
 - Environment protection
 - Technology advancement
 - Social and cultural change (more diversified and integrated world, mega-trend Vs. micro-trend)
 - Thinking out of the box
 - Blue ocean strategy
 - Positioning from a long-term perspective



Strategic Leadership



**“It’s not where the puck is;
It is where the puck will be!”**

Wayne Gretzky
Hockey’s Greatest Player



Strategic Leadership

- A Vision for Integrating Asia 2020
 - Asia's share of world output expand to 35% in purchasing power parity (PPP) terms (28% in 2005)
 - A single market for trade and investment
 - Deep, liquid and integrated financial markets
 - Effective macroeconomic policy coordination
 - Workers moving more freely than today
 - Collective efforts to address regional social and environmental issues
 - Efficient and stronger regional institutions
 - Stronger voice in global policy forums



Leadership Skills

- Motivating people
 - Laurette Koellner of Boeing: people in the company are the primary reason for its success and the source of its competitive advantage
 - Performance = f (Ability x Motivation)
 - Are people in your organization competent and motivated?
 - In what way, can they be motivated?



Leadership Skills

- Motivating people
 - Factors motivating people
 - Maslow's need Hierarchy theory (physiological needs, safety needs, social and belongingness needs, esteem needs, self-actualization needs)
 - ERG theory (existence needs, relatedness needs, growth needs)
 - Two-factor theory (job satisfaction and dissatisfaction are not opposites ends of the same continuum but are independent states and different factors affect satisfaction and dissatisfaction)



Leadership Skills

- Motivating people
 - Process by which factors interact producing motivation
 - Expectancy theory – people consider three factors in deciding whether to exert effort toward action
 - Probability to achieve the required performance
 - Probability a given level of performance will lead to certain outcomes
 - Importance of the anticipated outcome
 - Equity theory – motivation is based on a person's assessment of the ratio of the outcomes or rewards he/she receives for input on the job compared with the same ratio for a comparison other
 - My outcomes **vs.** other's outcomes
My inputs other's inputs
 - Goal-setting theory: goals enhance human performance because they affect effort, persistence and direction of behavior.
 - Goal difficulty; goal specificity; goal commitment; and participation in setting goals



Leadership Skills

- Motivating people
 - Motivating in practice
 - Find meaningful individual rewards
 - Liu Chuanzhi (Chairman of the Legend Group): a leader must establish different incentives for different groups of associates
 - » 1st group – executives: ownership, recognition
 - » 2nd group – middle level managers: become senior managers
 - » 3rd groups – line associates: stability and security
 - Tie rewards to performance



Leadership Skills

- Motivating people
 - Motivating people in practice
 - Redesign jobs
 - Job enlargement: add to a job additional tasks with similar complexity to the current tasks; require the use of different skills
 - Job enrichment: add complexity to the job; increasing responsibility
 - Provide feedback
 - Clarify expectations and goals



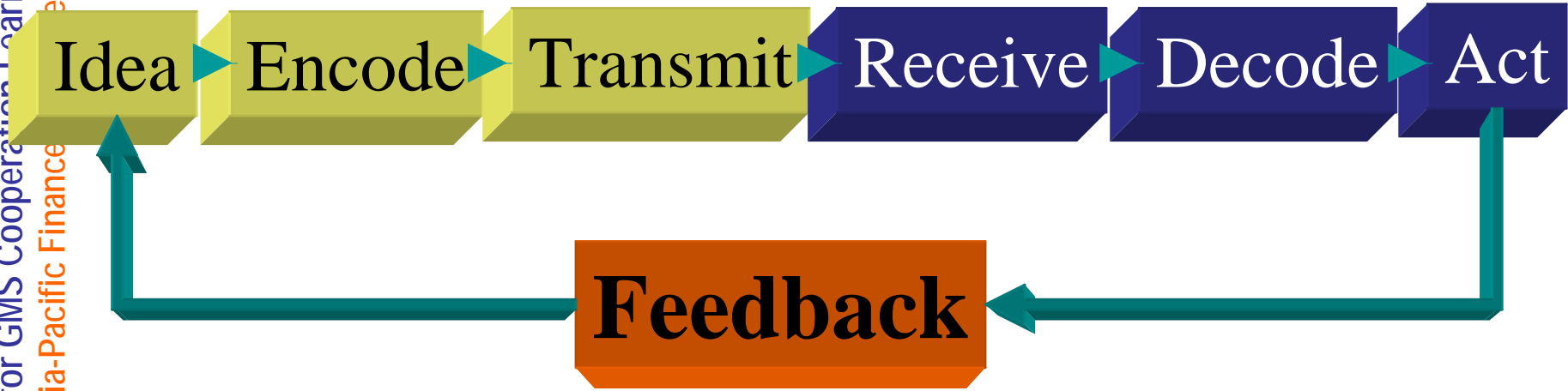
Leadership Skills

- Communication
 - Three directions: downward, upward, horizontal
 - Formal vs. informal communication
 - Barriers to effective communication
 - Organizational barriers
 - Information overload; noise; time pressure; information distortion; cross-cultural barriers, etc
 - Individual barriers
 - Differing perceptions; poor listening skills; consideration of self-interest (filtering), etc



Leadership Skills

Communication process



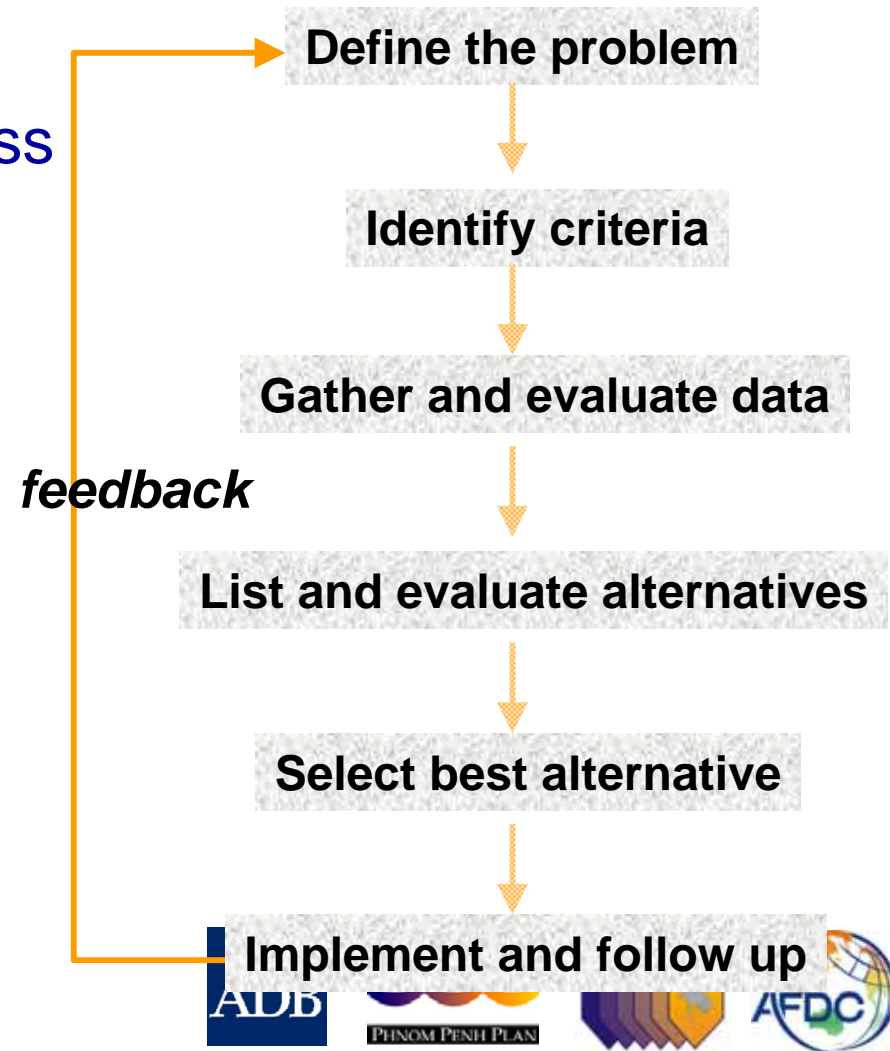
Leadership Skills

- Communication
 - Ways to improve communication
 - Be a good listener
 - Know your audience
 - Select an appropriate communication medium
 - Encourage feedback
 - Regulate information flow and timing



Leadership Skills

- Decision making
 - Decision making process



Leadership Skills

- Decision making
 - Individual vs. group decision making
 - Bias in decision making
 - Cognitive biases
 - Confirmation bias: information confirming early beliefs is sought while potentially disconfirming information is ignored
 - Ease of recall bias: information easy to recall from memory is relied on too much in making a decision
 - Anchoring bias: emphasizing too much on the first piece of information encountered about a situation
 - Sunk-cost bias: past investments of time, effort, and/or money are not treated as sunk costs in deciding on continued investment
 - Common information bias: group members overemphasize information held by a majority or the whole group
 - Risky shift: group members collectively make a more risky choice than most or all of the individuals would have made working alone



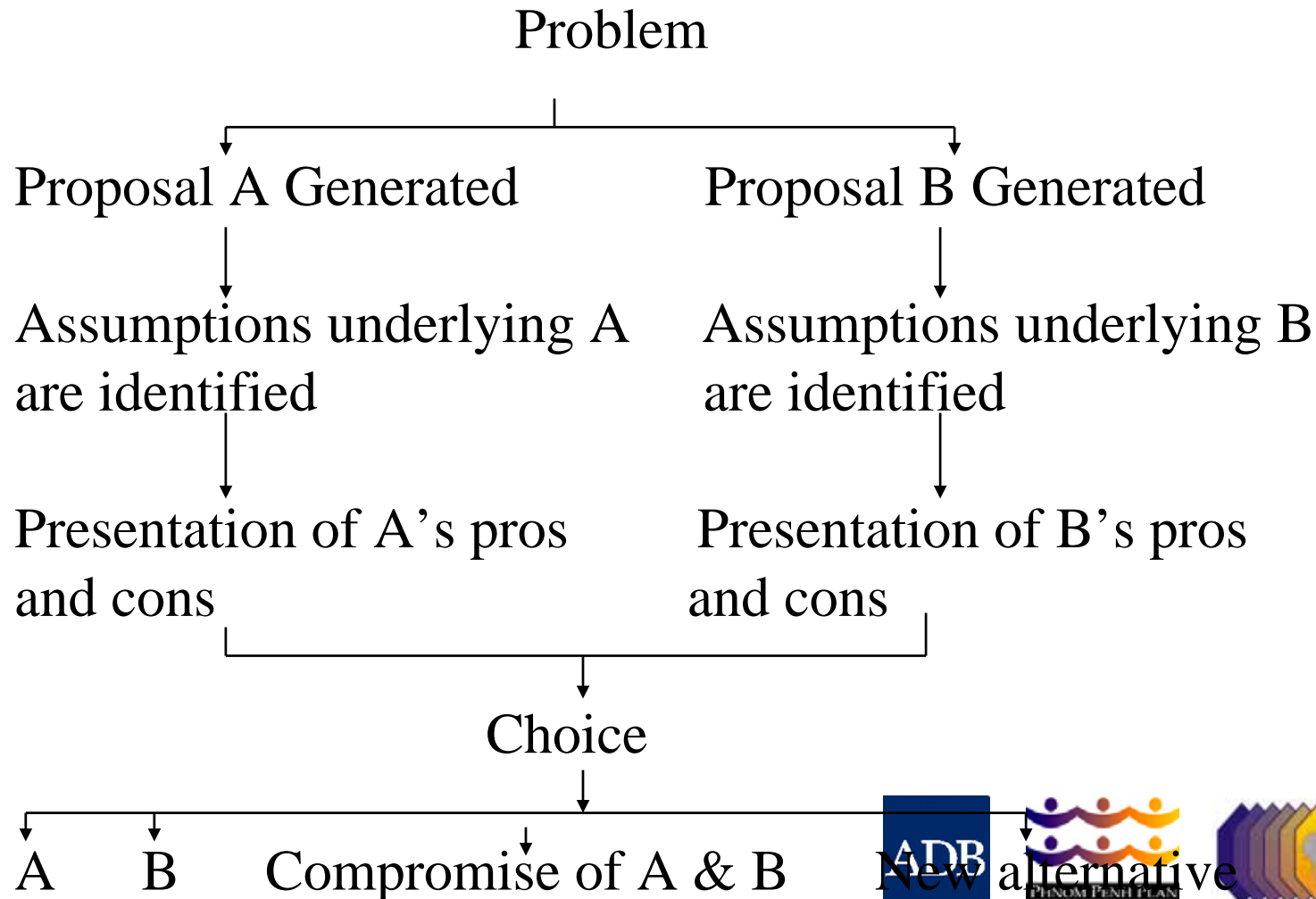
Leadership Skills

- Decision making
 - Group decision making techniques
 - Brainstorming: a process in which a large number of ideas are generated while evaluation of the ideas is suspended
 - Nominal group technique: discussion is structured and the final solution is decided by silent vote
 - Delphi technique: decision-making participants are surveyed regarding their opinions or best judgments
 - Dialectical decision making: use debate between highly different set of recommendations and assumptions to encourage full discussion



Strategic Leadership

Steps in dialectic decision making



What leadership behavior do we need in promoting GMS cooperation?



Leadership needed in GMS cooperation?

- Create a right vision for the region
 - What would the future world look like?
What's the best position for GMS?
 - PEST analysis
 - SWOT
 - Scenario analysis



Strategic Leadership

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Leadership needed in GMS cooperation?

- Shared vision, joint action
 - Stakeholders: governmental bodies, public and private sectors, international institutions, individuals
 - How to reach a shared vision?
 - How to strengthen commitment?
 - Macro coordination and micro creativity
 - Motivation?
 - Action and M&E



Strategic Leadership for GMS Cooperation Learning Program
18-24 October 2009, Asia-Pacific Finance and Development Center, Shanghai, PRC

Thank you.

