HOW LEADERS VIEW THEMSELVES IS LARGELY THEIR OWN THEORY ABOUT THEIR PERFORMANCE– A THEORY THAT IS RARELY TESTED OR EVALUATED, AND SOMETIMES SHOCKINGLY OUT OF TOUCH WITH REALITY.

BAD MANAGERS

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How leaders view themselves is largely their own theory about their performance – a theory that is rarely tested or evaluated, and sometimes shockingly out of touch with reality. What leaders' bosses think of their performance is consequential; what their staff think is also consequential, but little heard and, according to the data, often out of synch with the bosses' view. Organizations need to align these two perspectives in order to improve bad leadership, which is more prevalent than realized.

The Vietnam War provides a drastic example of the problem with bad leadership: between 1969 and 1971, 730 American officers were killed by their own troops,[1] a practice known as fragging, after the fragmentation grenades that were rolled under the officers' bunks. In addition to the known fragging events, there were 1,400 officer deaths from unresolved causes, as well as an unrecorded number of assaults and injuries. Unpopular officers were seen as too aggressive, incompetent, or too self-promoting, and therefore likely to endanger the lives of their troops. Some officer killers were probably disturbed; nonetheless, the evidence suggests that the fragging was intended to remove leaders who seemed likely to get their men killed. In a world where bad leadership can have fatal consequences, a pre-emptive strike for the sake of self-preservation makes Darwinian sense.

Although dramatic, the percentage of Army leaders who met their maker through fragging is small. The base rate for bad leadership in business and government, however, is astonishingly high. In an excellent summary of the evidence,[2] Robert and Joyce Hogan and Rob Kaiser present a compelling argument showing that at least 50% (and perhaps as many as 75%) of all managers derail or significantly underperform.

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The reputations of bad leaders

Reputation – how other people regard you – is reflected by 360° surveys, which involve having staff anonymously rate their leaders using a standardized framework. When aggregated, this information provides a picture of strengths and weaknesses of each individual manager.

We used our database of 360° survey results, comprising more than 6,000 evaluations of over 1,200 New Zealand leaders from business and government, to understand what poorly rated managers do in the everyday world of work. These results produced a startling snapshot. Four behaviors distinguish bad leaders from average or well regarded leaders:

1. They are bad at managing their emotional and social behavior. Compared to better managers, they don't take feedback or adjust their behavior to fit their audience or situation.
2. Bad managers lack integrity. They avoid personal accountability and don't meet their commitments. They are seen as dishonest in their dealings with others and their behavior is inconsistent with organizational values.
3. They are bad at making performance-related staffing decisions. They don't make their standards and expectations clear, and they don't hold their staff accountable for their performance.
4. They make minimal efforts to develop or grow their staff. They don't discuss development needs with their staff, nor do they stretch or encourage them. Staff who work for bad leaders feel ignored.

It is instructive to view this set of poor behaviors against a model of leader development. Hogan and Warrenfeltz[3] highlighted four major domains of leadership capability: managing oneself, managing relations with others, leadership skill (vision and team development), and professional or technical skills. These domains form a natural developmental sequence, with the later skills depending on the appropriate development of the earlier skills. They also form a hierarchy of trainability, in which the earlier abilities are harder to train and the later ones are easier to train.

ment shows a clear relationship with productivity, retention, extra effort, and profits. Research we conducted for the NZ Army revealed leadership to be the prime contributor to staff staying or leaving; as a result, Army leaders began a top-to-bottom review of leadership behavior and development.[5]

The evidence suggests that bad managers are dangerous to health: leadership skill is tied to the psychological state of employees, ill-health (e.g. cardiovascular disease), accidents, and well-being.[6] Numerous surveys of employee engagement report that the most stressful aspect of work is the

relationship with one's immediate manager.[7] One study showed that scores on a measure of transformational leadership are correlated with employee sick-leave.[8]

Against this model, the four hallmarks of bad leaders emerge in the self management and relationship domains, which are essential precursors to the execution of effective leadership skills and are also hard to train. Bad leaders lack the underpinnings to be effective. They are underweight in their moral development and lack the skill to develop effective relationships with their subordinates.

Put simply, bad leaders lack character.

Bad leaders are costly

If Hogan, Hogan, and Kaiser are even partly right about the high base rate of incompetent managers in modern organizations, and if bad managers harm business results, then this is a major concern. And it turns out there is ample evidence that bad leaders are costly in terms of the bottom line, staff morale, and productivity. Consider the following example.

Bad leaders are profligate in the way they treat talent. Reports of employee engagement suggest that, around the globe, workplace morale is flat-lining or declining.[4] This is a problem because staff engage-

Bad leaders are also costly in two more ways. A global study of management practice[9] revealed strong and consistent links between the sustained performance of firms and the caliber of their management practices, including the effectiveness of people management. Moving management skill from the 25th percentile to the 75th percentile is equivalent to increasing capital 77% or increasing labor inputs by 44%. Good management impacts productivity the same as adding nearly half as many staff. In a detailed examination of the NZ manufacturing sector,[10] the authors point out the opportunity cost of poor leadership: poorly run firms struggle to attract good talent, further weakening their performance. Overall, NZ manufacturers languish well below the best countries and at the tail end of the middling ones.

How does poor leadership persist?

How do leaders known to their staff as incompetent remain, or worse, get promoted? An obvious explanation for the persistence of bad leaders is that bosses and followers disagree about what constitutes good leadership, but bosses get the final say. That is, what gets a manager promoted is not the same as what followers regard as good leadership. In the US military, the disjuncture in evaluations of officers' competence between the officers' superiors and their subordinates resulted in death and disfigurement. In the corporate world it can result in bonuses and a key to the executive loo.

In 2009, we tested the idea that managers and staff hold different views about leader competence. We examined the 360° ratings of 240 mid-level managers in a NZ insurance agency.[11] We looked first for overlap in the managers' and the staff's lists of the highest- and lowest-rated managers. Table 1 shows that to our surprise there was almost no agreement between staff and executive lists.

Staff and bosses agreed on only 1 in 5 poorly performing managers; worse, there was only just over 1 in 10 agreement on who the top performers were.

When we looked at the behaviors each group used to form its judgments of top performers, we found the basis for the disagreement. Staff prefer leaders who build teams, support development, create and drive vision, and effectively manage their emotions and interactions with others. Bosses, on the other hand, prefer leaders who are resilient, manage themselves well, and build relationships (achieving results was ranked 6th out of 12 for both groups).

TABLE 1: PERCENTAGE OVERLAP BETWEEN BOSS AND FOLLOWER TOP AND BOTTOM RATED MANAGERS

	Staff top 20th percentile	Staff bottom 20th percentile
Managers top 20th percentile	12.2%	0%
Managers bottom 20th percentile	4.8%	19.5%

What organizations can do to reduce bad leadership

Our own experience in working with large, well-run organizations like IBM, Exxon-Mobil, Fletcher Building, Shell, Maersk, and the NZ Army reveal the problem of how to deal with bad managers. Those identified as having leadership talent are carefully selected, and provided with basic leadership training very early in their careers. Along with formal courses, they are moved into positions of significant responsibility and autonomy. Senior leaders are required to evaluate them carefully and coaching programs are provided to smooth out poor practice and spiky personalities. Above all they are regularly provided with lots of feedback; development and training never stops.

There are five simple remedies for bad leadership:

1. Establish a sound definition basis for good leadership
2. Provide regular and consistent training in good practice
3. Provide managers with feedback on their performance against that standard
4. Provide supportive but firm coaching and development to ensure continuous improvement
5. Remove managers who are unable to change

Of course knowing what to do and following through are not the same: after all, most people know that eating lots of fresh fruits and vegetables, exercising regularly, and moderating their alcohol intake are recipes for health, yet many eat badly, smoke and are slothful and indulgent. Discipline and persistence are the hallmarks of effectiveness.

It is self-evident that staff and managers should have a shared understanding of what competence looks like at all levels of an organization. Staff do not prefer weak leaders who let them get away with slacking: on the contrary, engagement surveys from around the world show that employees want tougher management of poor performing colleagues.[12] Leadership frameworks like those in place at the NZ Army provide clear and direct descriptions of good leadership at all levels in the organization. Backed with strong management processes like goal setting, performance tracking, regular appraisal or continuous improvement methods, these tools ensure a sound, shared understanding of what leaders should do; to lead is, after all, an active verb.

Business and government organizations could take a leaf from the playbooks of top sports teams. Players are constantly subjected to analysis and feedback, and encouraged to become expert at observing and diagnosing their own strengths and weaknesses. In professional environments, this occurs day in and day out – and then the on-field performance is further dissected, analyzed and commented on. Players are expected to adopt and implement these insights.

Sending an individual on a course simply because it is available is not a recipe for development. On the other hand, matching training and experience on the basis of a sound appraisal of strengths and weaknesses is the best contributor to leadership growth.[13] Integrating development and feedback is key to ensuring that managers understand what they need to do to improve. From an annual or semi-annual ritual even more attention should be paid to leadership improvement. Formal and informal appraisal, combined with well-designed and -run 360° tools provides strategic self-insight. Adding other tools, like personality profiling or development centers, can further enhance peoples' understanding of their strengths and weaknesses.

Finally, organizations need to close the loop between providing feedback and checking that development has occurred. Too often, providing feedback is seen as the end of the road. Ticking the box on feedback is only the beginning of the development journey. Using tools like Goalkeeper, an innovative web-based app that ties action to insight, ensures that bosses and managers work together to change bad habits and improve leadership performance. Your staff deserves nothing less.

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10 Green, R. & Agarwal, R. (2011) Management matters in New Zealand: how does manufacturing measure up. *Ministry of Economic Development Occasional Paper* 11/03.

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12 See for example http://www.fedview.opm.gov/2011/

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