Leadership Model

A defining look at the effects of leader personality on employee engagement and organizational performance.

HOGAN

>> What makes a good leader?

Leadership is usually defined in terms of a person's status in an organization. If a person has a title, he or she must have the leadership skills. Right? Wrong.

People typically advance in organizations by pleasing their bosses with displays of loyalty and technical knowledge. Performance appraisals reflect how much supervisors like their subordinates. Consequently, designated high performers are often skilled at office politics rather than leadership.

Human evolution suggests an alternative definition of leadership. During 2 million years of pre-history, humans lived in egalitarian hunter-gatherer societies, and there was constant warfare between them. Leadership probably evolved as a mechanism that allowed normally selfish individuals to pull together for a common purpose—to compete with neighboring groups to defend territory and resources.

Therefore, leadership should be defined as the ability to build and maintain a team that can outperform the competition. Leadership is a resource for the group, not a source of privilege for incumbents; leadership should be defined and evaluated in terms of the performance of the team, which depends on how the subordinates perceive the leader.

This definition has three useful consequences. First, it clarifies the meaning and function of good leadership. Next, it makes it possible to define bad leadership. Finally, it makes it easy to evaluate leader performance.

HR View	Hogan View
Defined by position – the person at the top *is* a leader.	**Defined** by the ability to build a high-performing team.
Evaluated by bosses and other superiors.	**Evaluated** by the team's performance.
Focused on competencies valued by an organization.	**Focused** on qualities valued by the team.

VS.

>> Defining effective leadership

If leadership is the ability to build an effective team, then a good leader must be someone others are willing to follow. People look for four essential characteristics in leaders: integrity, judgment, competence, and vision.

1. Integrity. People need to know that the person in charge won't take advantage of his or her position—won't lie, steal, play favorites, and betray subordinates. Unfortunately, many do.

Integrity is the most important characteristic of good leaders, and once subordinates lose trust in their leaders, the relationship can never be repaired.

In a survey of more than 1,000 individuals, 81% said trustworthiness was the most important personality characteristic of their all time best boss. Conversely, 50% described their worst boss as deceitful. Trust in one's superior predicts the entire range of desirable organizational outcomes: productivity, job satisfaction, and organizational commitment.

2. Judgment. The success or failure of organizations depends on decision-making. Judgment has two parts: pre- and post-decision.

Most business failures are the result of bad decisions that are compounded by an unwillingness to evaluate the decisions and change direction.

The welfare of subordinates directly depends on the judgment of their superiors, and some people have better judgment than others.

3. Competence. Good leaders are perceived as knowing what they are talking about, as being competent in the team's business. In hunter-gatherer tribes, leaders are distinguished by their moral qualities, their judgment, and their superior hunting ability.

Subordinates see leaders who lack business acumen as empty suits, and are unwilling to follow them. Our survey showed that 48% of respondents described their best boss as good at business strategy.

4. Vision. Good leaders explain to their team the significance of their mission and how it fits into the larger scheme of things. This vision clarifies roles, goals, and the way forward, thereby facilitating team performance.

By adopting a vision, people can transcend their selfish interests and develop impersonal ends for their actions.

>> Defining bad leadership

Despite the importance of leadership for effective team performance, research indicates that two-thirds of the managers in corporate America — business, government, education, healthcare — are ineffective or incompetent and ultimately will fail because they are unable to build or maintain a functioning team.

Hogan asked a large sample of working adults about the personalities of their best and worst bosses:

52% DESCRIBED THEIR BOSSES AS **ARROGANT**

50% DESCRIBED THEIR BOSSES AS **MANIPULATIVE**

49% DESCRIBED THEIR BOSSES AS **EMOTIONALLY VOLATILE**

48% DESCRIBED THEIR BOSSES AS **MICROMANAGING**

44% DESCRIBED THEIR BOSSES AS **PASSIVE AGGRESSIVE**

**42%** DESCRIBED THEIR BOSSES AS **DISTRUSTFUL OF OTHERS**

These behaviors undermine employees' trust, and prohibit leaders from creating and maintaining a high-functioning team — which is the definition of failed leadership.

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>> Why does leadership matter?

Leadership directly impacts employee engagement. Good leadership creates engaged employees; bad leadership leaves employees alienated and demoralized.

Engaged employees are energized, proud, enthusiastic, and have positive attitudes at work. Companies whose employees are engaged show higher returns on assets, are more profitable, and yield nearly twice the value to their shareholders compared to companies characterized by low employee engagement.

Disengagement, on the other hand, results in an estimated $300 billion in lost productivity in the U.S. each year.

INTEGRITY

BUSINESS COMPETENCE

GOOD JUDGMENT

VISION

ENGAGEMENT
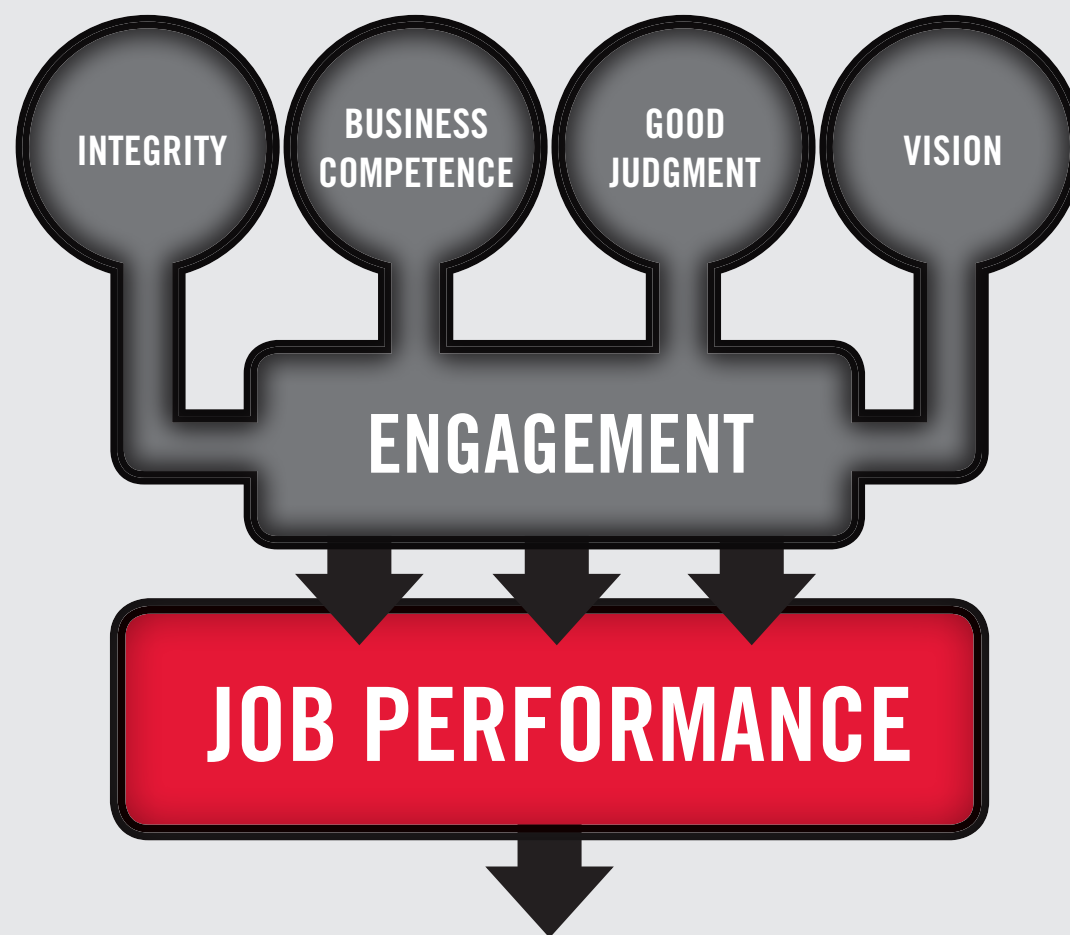
JOB PERFORMANCE

The bottom line: leadership creates engagement, higher employee engagement equals better organizational performance, and lower employee engagement equals worse organizational performance.

>> Personality and leadership

Who you are (personality) determines how you lead.

Personality assessment provides companies with the tools to identify and develop talented leaders, boost employee engagement, and drive business results.

Personality should be defined in two ways: identity and reputation. Identity is personality from the inside – how you see yourself. Reputation is personality from the outside – how others see you.

HOGAN ASSESSES REPUTATION FROM TWO PERSPECTIVES:

HPI

BRIGHT SIDE

Bright-side personality, or normal personality, describes people when they are at their best. Bright-side personality is measured by the Hogan Personality Inventory (HPI), and predicts leadership performance across all organizational levels and industry sectors.

HDS

DARK SIDE

Dark-side personality describes people when they are stressed, bored, or simply not paying sufficient attention to their behavior. Measured by the Hogan Development Survey (HDS), this behavior alienates subordinates and prevents managers from being able to build a team.
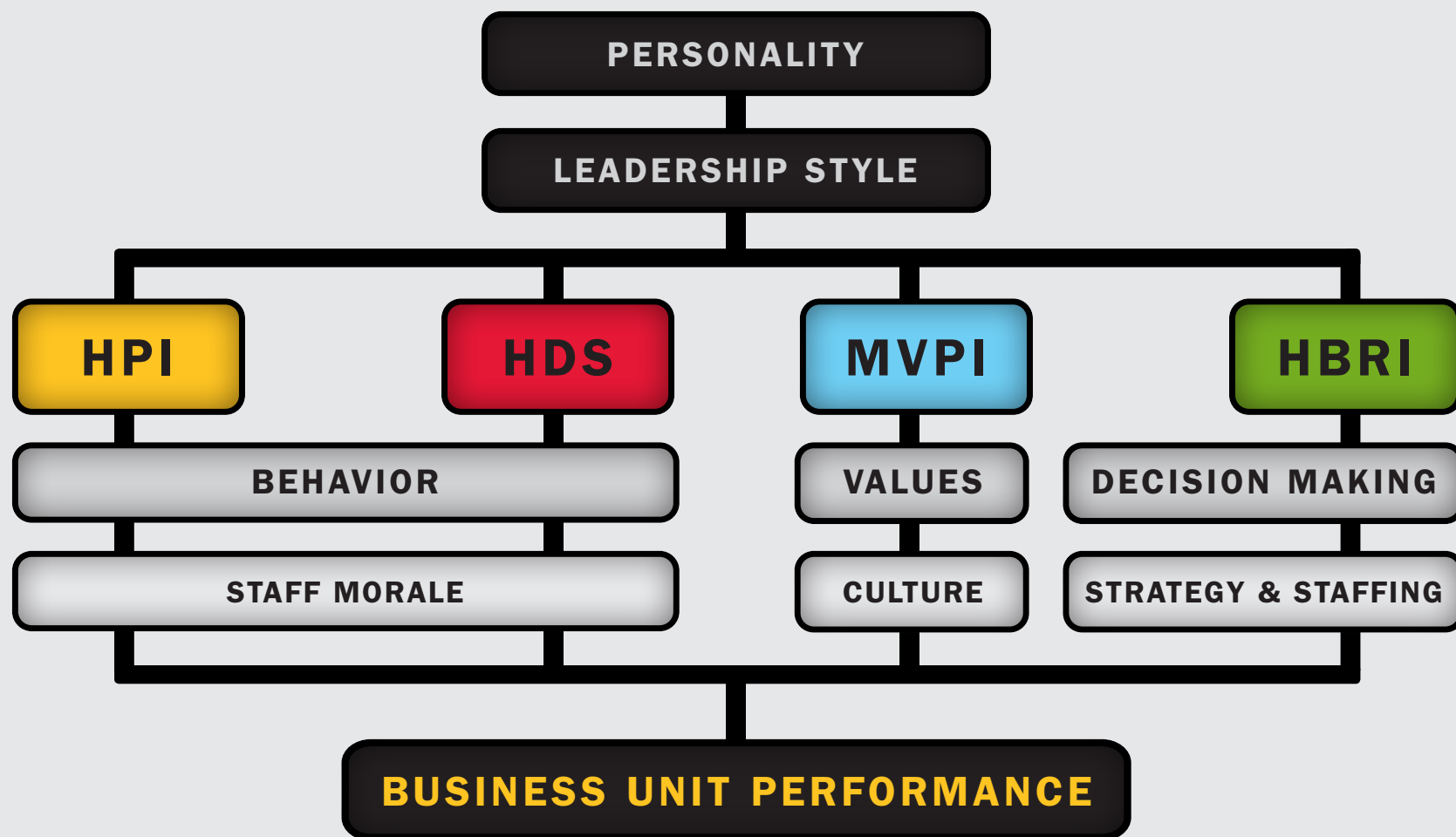
>> Personality and leadership

It's also important to understand what drives leaders' behavior – their core values, along with their problem-solving abilities.

Values are the motives, interests, and beliefs that determine peoples' choices and have huge consequences in terms of the work they find fulfilling, how they operate on a team, and how they fit into an organization.

Values, measured by the Motives, Values, Preferences Inventory (MVPI) also play an important role in predicting leadership style – reputation describes how a person is likely to lead; values describe why they are likely to lead that way.

Finally, it is important to understand how leaders approach problem solving.

Cognitive ability, measured by the Hogan Business Reasoning Inventory (HBRI) describes people's ability to solve problems and make business-related decisions using textual, graphic, and quantitative data.

PERSONALITY

LEADERSHIP STYLE

HPI — HDS — MVPI — HBRI

BEHAVIOR — VALUES — DECISION MAKING

STAFF MORALE — CULTURE — STRATEGY & STAFFING

BUSINESS UNIT PERFORMANCE

>> Improving performance

This multi-dimensional approach to assessment paints a detailed portrait of each participant's leadership capabilities.

For most people, there is a gap between who they think they are (identity) and how others perceive them (reputation). As a result, they often seem to say one thing and do another. This gap corrodes relationships, and inhibits leaders' ability to inspire followers.

Personality assessment, feedback, and targeted coaching can provide individuals with strategic self-awareness – a better understanding of their strengths and weaknesses, how they relate to those of their peers, and how they are likely to affect their performance.

Leadership is the most important single factor determining success in business. When good leadership exists, organizations and individuals prosper. Bad leadership is almost always accompanied by corporate corruption, bankruptcy, and business disasters.

Defining leadership as the ability to build and maintain high-performing teams allows companies to identify good leadership, avoid destructive leaders, focus development, boost engagement, and improve performance.
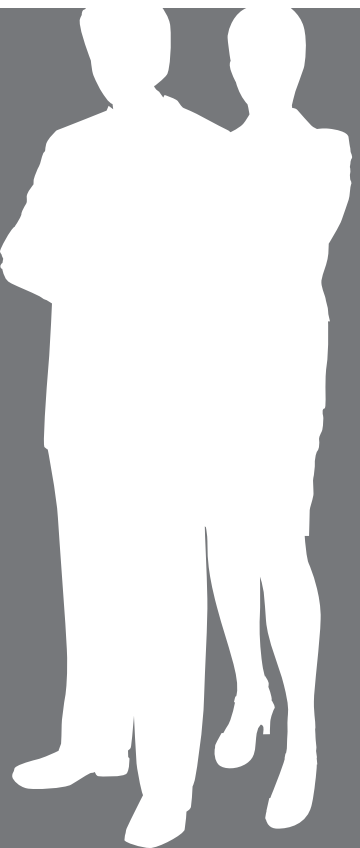
Leadership is the most important single factor determining success in business.

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