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 traits 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 evolvement
    • 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

Slides borrowed from Alfredo
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 been 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

Idea ➔ Encode ➔ Transmit ➔ Receive ➔ Decode ➔ Act

Feedback
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
    - Define the problem
    - Identify criteria
    - Gather and evaluate data
    - List and evaluate alternatives
    - Select best alternative
    - Implement and follow up

feedback
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

1. Problem
2. Proposal A Generated
   - Assumptions underlying A are identified
   - Presentation of A’s pros and cons
3. Proposal B Generated
   - Assumptions underlying B are identified
   - Presentation of B’s pros and cons
4. Choice
   - A
   - B
   - Compromise of A & B
   - New alternative
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

- A Vision for Integrating Asia 2020
  - Asia’s share of world output expand to 35% in purchasing power parity (PPP) terms (28% in 2005)
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Slides borrowed from Alfredo
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
Thank you.