

Can Good Leadership Have a Negative Effect on Managerial Qualities?

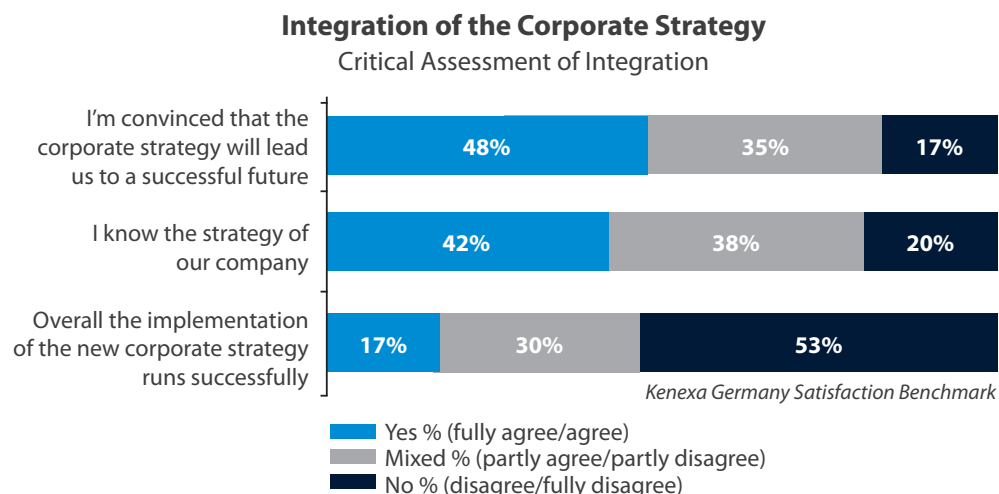
By Christian Motzko, Kenexa

There is no doubt that the right strategy helps companies successfully plan and make the correct predictions. Thereby, any unexpected and dangerous risks can be minimized. Company strategies are normally defined by the board or the management team, and are carried out by the entire organization, from top management to the lower levels. The eventual aim is to make sure that every employee understands the strategy and implements it in a goal-oriented manner. Therefore, managers play a vital role in this process.

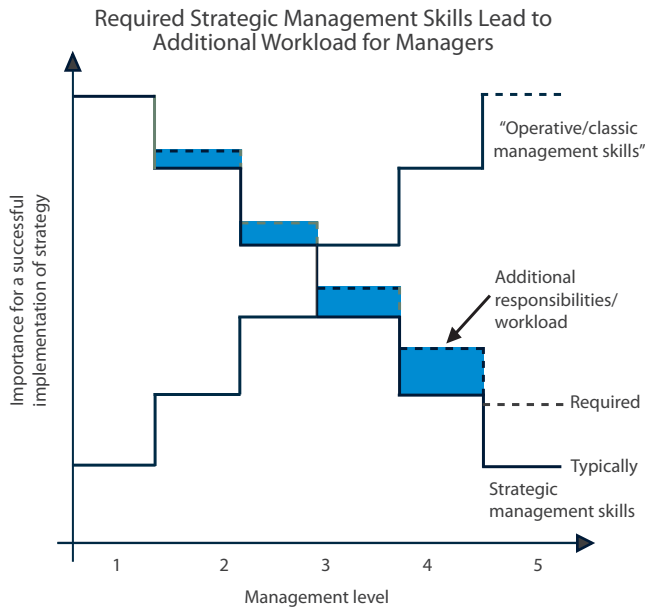
In reality, for many companies this does not work the way it should. According to Kenexa's current organizational analysis, approximately 40 percent of employees think they have a full and proper understanding of their organization's strategy. About half of employees state that the implementation is not carried out successfully. This has a knock-on and verifiable effect on the acceptance of the strategy. Therefore, it is not surprising that less than half of employees believe in the success of their corporate strategy.

On the one hand, these unsettling figures are partly a result of an inadequate internal communication. Our research shows that only 40 percent of employees believe they receive enough information concerning strategic issues. Without doubt, the lack of transparency with regard to who is responsible for collecting or delivering information plays a role. Another reason could be that employees tend to expect more detailed information in such uncertain times. Any information gaps, regardless of whether they are "objective" or "subjective," can have negative influences on employees' identification with the strategy.

On the other hand, many interviews with CEOs and top managers clearly show that corporate communication is just one side of the coin. Company strategists rely primarily on the skills of their managers and this, in return, has an influence on the general job specifications of managers: the "strategic alignment of employees" is of increasing importance. This means that lower level management has to focus not only on the operative management, but also on



Increasing Importance of Strategic Alignment of Employees



the strategic management. This leads to an additional workload for managers at a time when our research indicates only one-third of managers believe they have enough time for their managerial tasks.

To determine how far managers are capable of fulfilling their responsibilities in implementing corporate strategy, one should first differentiate between two general management approaches: leadership style and leadership performance. In this case, leadership style is defined as “classic management skills”—all leadership aspects perceived by the employees because of their interaction with their manager. This, for example, includes fair performance appraisal, information on daily work and support for career development.

Leadership performance is defined, in this case, as “strategic management skills.” Employees do not directly associate this type of management with their manager, but perceive it through other aspects of work life. “Strategic management skills” include, for instance, the clear definition of tasks/responsibilities, management of interfaces/process flow and understanding of the strategy.

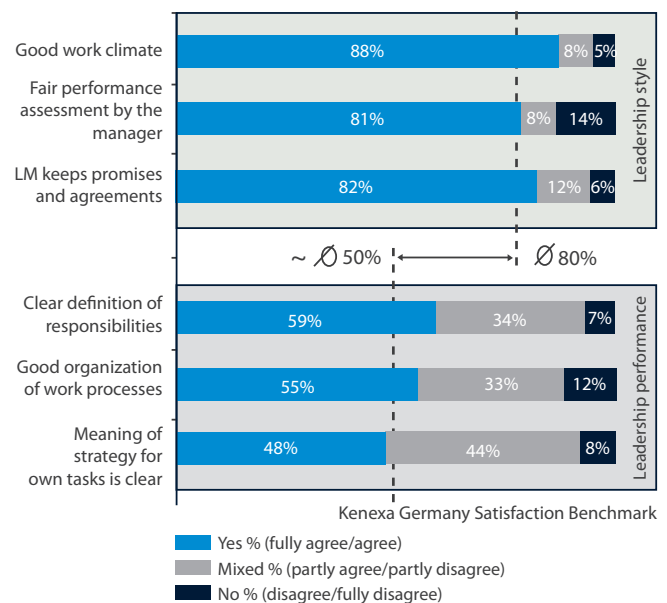
According to current studies, the coherence between operative management skills and strategic management skills turns out to be a lot lower than expected. More than three-quarters are satisfied with the operative management aspects, whereas the satisfaction level concerning the strategic management aspects is significantly lower—on average, approximately 50 percent. How can this be explained?

The explanation lies in managerial behavior. To successfully carry out the corporate strategy in the organization, all managers should represent the strategy to their employees and, if necessary, defend the need for the strategy. Corporate strategies have to be implemented even if managers encounter resistance from employees and even if they lead to strained employee-manager relations. Employees’ commitment to the strategy can be achieved and any doubts can be avoided, only if all managers are committed to the decisions of senior management.

In practice, however, this is often not the case. Employees’ reaction to the implementation of the corporate strategy can be especially observed in change management. Although approximately 80 percent of employees claim they are open to change, only 45 percent find the initiation and implementation of changes successful. Company figures, on the other hand, show a far more positive outcome of the changes, which indicates, that it might be in people’s nature to take a critical approach to changes at work.

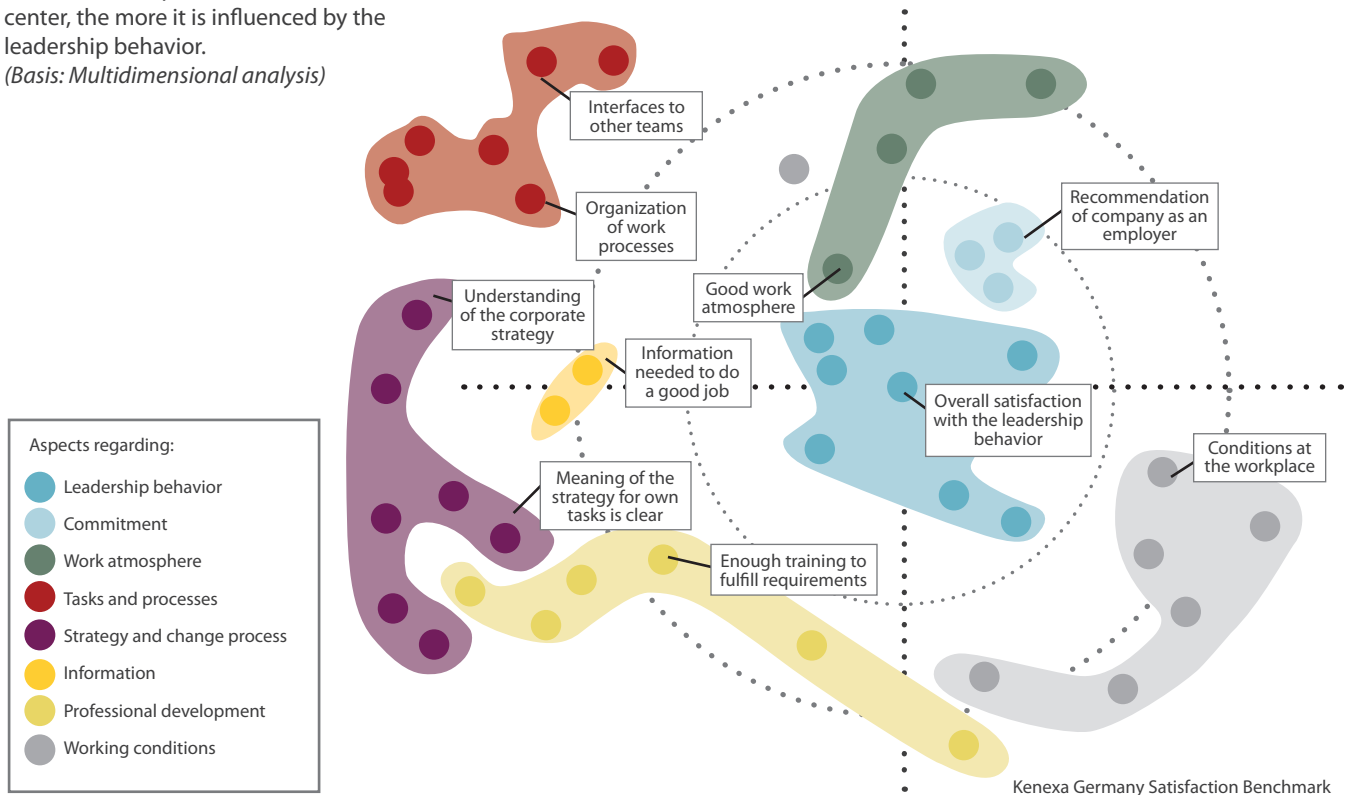
In order to reach objectives, it is important for managers to keep motivation high among employees and avoid friction. Managers sometimes tend to criticize the changes, which gives employees the impression that they are not alone in their negative attitude. As a result, managers are freed from ‘blame’ for the changes and employees’ resentment is directed primarily toward higher-level management. Current studies validate this picture. The level of satisfaction with the leadership style of the direct manager within change processes is about three-quarters; whereas, it is about 60 percent for the leadership style of those managers at higher levels.

Leadership Style vs. Leadership Performance Managers Lose Sight of Their Real Managerial Duties



Leadership Style Has Serious Consequences For The Management Structure Impact of Managers on Strategic Issues is Much Lower Than Expected

The closer an aspect is located to the center, the more it is influenced by the leadership behavior.
(Basis: Multidimensional analysis)



While trying to appeal to employees, managers lose sight of their real managerial duties and responsibilities. A positive work atmosphere is usually preferred to tension, which in return, has negative effects on the implementation of corporate strategy. Our current research provides some significant results: more than 80 percent of employees are satisfied with work climate, fairness of performance assessments by the manager and a manager who keeps promises and agreements. Fewer than 60 percent of employees are satisfied with clear definition of tasks/responsibilities. Approximately 50 percent think that the organization of work processes is good, while fewer than 50 percent know the implications of corporate strategy on their own tasks. Interestingly, all of these aspects are, in fact, among the leadership responsibilities of the direct manager.

This explains why the leadership style of direct managers is evaluated positively, although employees criticize the change process itself. Coaching results show that most managers are not aware of their behavior or its consequences.

This kind of leadership style can have serious consequences for the entire management structure. According to current multidimensional correlation analysis, the impact of managers on strategic issues is much lower than expected. The results show that, for instance, aspects such as “work atmosphere” are more influenced by leadership style than aspects like “understanding of corporate strategy.” As a result, managers do not carry out their strategic responsibilities in the way they should. In other words, the ship sails on aimlessly. This explains why the implementation of corporate strategy often doesn't show the desired effects.

In addition, employees develop a sense of how strategies should actually be implemented. They start questioning the future success of the company if their managers criticize the strategy. This causes a feeling of uncertainty, which has negative effects on employee commitment, productivity and efficiency.

This shows that even when there are no obvious weak aspects in the leadership style, an inappropriate attitude from managers can lead to ineffective implementation of corporate strategy. To allow recognition of this problem at an early stage, the following five factors should be regularly observed:

- Level of changes in the company
- Level of positive evaluations regarding the leadership style of direct managers
- Level of negative evaluations regarding the leadership performance of direct managers
- Level of negative evaluations regarding the leadership performance/style of managers at higher levels
- Level of feelings of uncertainty among employees

In conclusion, it's important to examine the coherence between these factors and to discover any discrepancies. In the end, a good leadership style is a basic requirement for the successful implementation of strategies in a company. ■

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