

The Coming Leadership Gap: Leadership Challenges Affected by the Predicted Competency Shortage

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ABSTRACT

It is anticipated that demographic trends will lead to senior managers retiring in large numbers in the coming years. Previous research by Wolff, Wageman, and Fontaine (forthcoming) has identified four competencies that are likely to be in short supply as the baby-boomers retire: (1) sophisticated influence skills; (2) long-term perspective on management challenges; (3) understanding the organization and its political landscape; and (4) the ability to create and mobilize a team. This paper takes advantage of an extensive database of competencies and the situations in which these four key competencies were used by executives. We add to the understanding of the coming leadership gap by identifying the challenges where effective outcomes are dependent on high levels of these competencies. Understanding these challenges has implications for the development of junior managers to fill the coming gap in competencies.

The Coming Leadership Gap: Leadership Challenges Affected by the Predicted Competency Shortage

An analysis of demographic trends shows that the workforce is aging, which means that senior managers will be retiring from the workforce in large numbers in the next decade. According to a Hewitt Associates survey, 41% of baby boomers expect to retire within the next ten years (Hewitt Associates, 2006). Another study by Development Dimensions International (2003), an organizational development firm, reveals that one-fifth of large U.S. established companies will be losing 40 percent or more of their top-level talent in the next five years as senior executives reach retirement age. These openings are occurring at the same time that there are statistically fewer people to fill the jobs; that is, leaders from lower levels of the organization may also be too few in number in certain kinds of jobs to move into the roles vacated by retiring executives.

Numerous writers in the fields of human resources and adult education, especially those focused on leadership development, have called for closer attention both by organizations and by researchers to the long-term implications of these demographic trends (see, for example, Caudron, 1999; Hannon, Muffs, & Sciascia, 2004; The Conference Board, 2007). One implication of the demographic trend that has been identified is that as these workers retire, they will potentially leave behind a gap in talent (Bernhart, 2006; Rappaport, Bancroft, & Okum, 2003; Wahl & Bogomolny, 2004). Although this trend has been widely identified, there is little information about the specific implications for organizations. Knowing there is going to be a shortage of competencies in senior leaders is one thing; knowing what competencies will be in short supply and how that will impact the organization is quite another.

Drawing on a database of competency assessments of leaders, Wolff, Wageman, and Fontaine (forthcoming) identified four key leadership competencies that are most in jeopardy of being in short supply as baby-boomers retire from senior leadership positions. The competencies they identified included: (1) sophisticated influence skills, called “Impact and Influence;” (2) long-term perspective on management challenges, termed “Initiative;” (3) understanding the organization and its political landscape called “Organizational Awareness;” and (4) the ability to create and mobilize a team called “Team Leadership.” High levels of these four competencies significantly differentiate between superb and less effective senior leaders and are underrepresented among leaders below the senior executive level. This finding was an important first step in providing actionable information to help guide organizations as they prepare to develop leaders to fill the positions that are predicted to be vacated by the retiring baby boomers. One question that follows from the identification of competencies that are potentially in short supply is: What type of leadership challenges would systematic deficits in these competencies make more difficult for organizations to address successfully? Answering this question can help organizations understand the type of initiatives they may have difficulty undertaking due to less than optimal competency levels in senior leaders. It can also help organizations align their leadership development activities to better support their strategic objectives.

In this exploratory study, we expand on the work of Wolff, Wageman, and Fontaine (forthcoming) to explore the types of leadership challenges that organizations may have difficulty meeting if, indeed, organizations face a shortage of the four competencies identified in their research. To address this question we draw upon an extensive database of competencies and the situations in which these four key

competencies were used by executives. We classify the leadership challenges in which the competencies were demonstrated, and we assess the degree of success of the outcome of those challenges. By doing so, we can test which managerial challenges require high levels of these key competencies for a successful outcome. This unique data set allows us to explore the following research question:

RQ: In what kinds of leadership challenges is the use of high levels of four disappearing leadership competencies most necessary for successful outcomes? Said more colloquially, under what conditions are organizations most likely to feel the negative effects of the leadership gap?

Below, we identify and define the four threatened competencies based on the work of Spencer and Spencer (1993) and draw on existing research by organizational scholars to consider the kinds of leadership challenges for which each competency is most likely to be relevant.

Impact and Influence

Impact and Influence is defined as an action taken to persuade, convince, influence, or impress others (individuals or groups) to get them to go along with or to support the speaker's agenda. It is based on the desire to have a specific impact or effect on others, where the actor has his or her own agenda, a specific type of impression to make, or a course of action that he or she wants others to adopt. At the basic levels this competency is a direct argument based on data and logic. At moderate levels, the actor's approach is customized, based on understanding the other person's interests, concerns, and preferred communication style. At the most sophisticated levels, complex and indirect strategies are used, leveraging third or fourth parties, 'political' relationships, group dynamics, and other insights into the social dynamics of influence. High-level

impact and influence is based on understanding others, either individually or as part of a social system.

What circumstances rely upon high levels of this capacity? For executives, the ability to align the organization toward a mission is in large part dependent upon the ability of that executive to persuade and inspire others to follow his or her vision (Conger, 1991). Conger (1998) argues that the art of persuasion is critical to the success of any executive and is generally more effective than a command and control orientation. Consistent with this argument, Goleman (2000) finds that leadership styles characterized by a drive to get results by setting high standards and commanding compliance have a negative effect on the effectiveness of the organization's climate, while the style with the most positive effect on climate is one that mobilizes people toward a vision. In fact, Katz and Kahn (1978) argued that the very essence of leadership is the ability to influence above the routine compliance with directives.

One specific leadership challenge where a successful outcome is more likely when the executive has a high level of Impact and Influence is managing organizational change (Conger, 1998). When implementing an organizational change people must be attracted to the new processes and structure (Kanter, Stein, & Jick, 1992). The process of "bringing people on board" is fundamentally one of persuasion.

Impact and Influence is also required when an executive must accomplish a goal but does not directly control the necessary resources. This challenge often arises in a matrix structure (Atkinson, 2003; Numerof & Abrams, 2002). In such structures the manager typically must influence other managers to provide resources necessary for success and has only informal influence tools to do so. With an increasing use of matrix

structures in organizations, the loss of Impact and Influence competencies could prove particularly problematic over time.

The importance of Impact and Influence for an executive's overall success leads us to the following research question:

RQ2: In which leadership challenges does Impact and Influence most differentiate superb from less effective leadership performance?

Initiative

Initiative is defined as the distance into the future that one is looking for problems and opportunities on which to take action. It includes both (1) the identification of a problem, obstacle, or opportunity and (2) taking action in light of this identification to address current or future problems or opportunities. Initiative involves execution and taking action, not simply thinking about future actions. The time frame of this competency moves from addressing current situations to acting on increasingly long-term future opportunities or problems as its level of sophistication increases.

One area under the purview of senior leadership is setting strategic direction. Doing so requires looking out into the future to identify potential threats and opportunities for the organization (Porter, 1980) and taking action now to address them. A manager who is not able recognize the long-term effect of his or her actions on the organization is more likely to focus on solving immediate problems to the detriment of the long-term health of the organization (Baumeister & Scher, 1988). Miller and Cardinal (1994) found that strategic planning strongly influences organization performance when industry effects are taken into consideration.

Furthermore, the ability to act now with an understanding of the long-term effects of those actions is important when leading in complex environments (Hitt, Tyler, & Park,

1995) and capitalizing on opportunities (Tyre & Orlikowski, 1994). It may also be important of “smaller” aspects of leadership such as resolving conflict and negotiating. When leadership challenges such as these are addressed with concern for the long-term effects on the associated relationships, the outcomes will be more successful (Fisher, Ury, & Patton, 1991).

The above discussion illustrates the importance of Initiative to executive success, which leads us to the following research question:

RQ3: In which leadership challenges does Initiative most differentiate superb from less effective leadership performance?

Organizational Awareness

Organizational Awareness is defined as the thoroughness of understanding of one’s own or another’s organization. It is the ability to understand and learn the power relationships in one’s own organization or in other organizations (customers, suppliers, etc.). At sophisticated levels, Organizational Awareness includes the ability to identify who the real decision makers are and the individuals who can influence them, and to predict how new events or situations will affect individuals and groups within the organization.

Understanding the political landscape and the informal structures in an organization is a source of power for an executive (Krackhardt, 1990; Pfeffer, 1992) that can help him or her be more effective meeting challenges that involve diverse interests (Morgan, 1986). At the executive level the scope of such challenges typically involves the entire organization. For example, the outcome of organizational change efforts requires understanding of both the formal and informal organization systems (Kanter, 1984; Nadler, 1987). Another leadership challenge drawing on Organizational

Awareness capabilities is resolving conflicts among various units in the organization, such as functions or operating companies. Doing so effectively requires an understanding of the organizational systems and more importantly the agendas, sources of power, and concerns of the executives involved (Hardy, 1987; Pondy, 1967). These are just a few performance-critical high-level challenges in organizations that may be affected by a deficit in Organizational Awareness at the executive level, which leads us to the following research question:

RQ4: In which leadership challenges does Organizational Awareness most differentiate superb from less effective leadership performance?

Team Leadership

Team Leadership is defined as the strength and completeness of one's assumption of the role of leader of a group or team. It implies a desire or intention to lead others. Team Leadership is generally, but certainly not always, enacted from a position of formal authority. The level of team leadership associated with executives about to retire involves creating conditions that promote team effectiveness (including providing structures and norms) and providing the necessary resources for a team to be effective.

High level Team Leadership is useful wherever the formal organizational structures and systems cannot solve a problem or challenge (e.g. it is novel and non-routine). Under those conditions, an individual who can readily step up, organize a group, and define a clear purpose for their work is likely to solve the problem. This kind of team design capability is especially crucial in turbulent environments (where all important problems are non-routine), and suggests that it's needed increasingly in the present business environment (Hackman & Wageman, 2005).

Druskat and Wheeler (2003) studied 66 external leaders of self-managing work teams to determine what the most successful managers do that helps the effectiveness of their team. They found that effective leaders show concern for both organizational- and team-level issues. The type of challenges that effective team leaders address are influencing the team, addressing performance problems, and obtaining external support for the team. They also found that excellent team leaders are good coaches for the team. This included not only team-level coaching but also coaching individual members of the team. Druskat and Wheeler's (2003) findings suggest that high levels of the Team Leadership competency require an executive to be able to address many challenges at both the organizational and individual level. This leads to the following research question:

RQ5: In which leadership challenges does Team Leadership most differentiate superb from less effective leadership performance?

METHODS

Research Strategy

To explore the research questions about what leadership challenges are associated with high levels of each of these four leadership capabilities we used an existing database of leadership competency assessments. For each leader and competency we coded the nature of the leadership challenge in which the competency was demonstrated. To determine the leadership challenges most likely to be affected if the competency was *not* present at a level we find in retiring senior managers, we compared the mean level of the competency for those leaders who handled the challenge effectively with those who were ineffective. Those challenges where the mean level of a competency was significantly

greater in the successful group compared to the unsuccessful group are ones where the coming shortage in leadership competencies may create difficulty for an organization.

Sample

Individuals in the database consist of executives who were being assessed for either research, developmental, or selection purposes. The database is proprietary and has been accumulated over the course of twelve years of leadership consulting; thus, it is not a random sample of all managers. Each individual assessed underwent a Behavioral Event Interview (see below) in which he or she described three to four events (leadership challenges) in depth. The managers in this study discussed over 2200 events, which were categorized into 36 major kinds of challenges (see below).

Measures

Competencies. The four competencies were measured with a Behavioral Event Interview (BEI) (McClelland, 1998). The BEI is a form of Critical Incident Technique that was first proposed by Flanagan (1954). Since then the technique has been widely used and studied (Butterfield, Borgen, Amundson, & Maglio, 2005) and found to be valid and reliable (Motowidlo *et al.*, 1992; Ronan & Latham, 1974). We provide a brief description of the method here. For a complete discussion of the technique and how the four competencies examined in this study were identified, see Wolff, Wageman, and Fontaine (forthcoming). Table 1 provides a definition of the four competencies used in this study.

Insert Table 1 about here

The BEI involves asking interviewees to describe (1) recent job-related incidents or events in which they felt effective and (2) those in which they felt less effective. The role of the interviewer is to obtain detailed descriptions of events while remaining as unobtrusive as possible.

Interviewers completed an intensive three-day interview training program, and submitted a completed interview for evaluation before being allowed to conduct interviews. Leaders' interviews in this study were transcribed and coded using a codebook developed from a meta-analysis of more than twenty years of research conducted with managers in 200 different job categories (McClelland, 1998; Spencer et al., 1993). Coders were rigorously trained and tested to maintain at least 75% inter-rater reliability in identifying the set of competencies used by the interviewee in the events discussed.

For each leader in this study, individual competencies were coded as the highest level demonstrated in a leadership challenge. If a competency was not coded in the transcript of an executive's interview, it was assigned a level zero. Given that interviewees choose the challenges they describe we assume that all executives had an equal opportunity to display any and all of the competencies during their three to four hour interview.

Leadership challenges. Each event in the Behavioral Event Interview was classified as addressing one of 36 leadership challenges (see Table 2). The individuals who classified the leadership challenges were different individuals from those who coded competencies and were blind to the competencies that had been coded.

The list of challenges was created by three researchers who read approximately 50 interview transcripts. Categories were created until the point of saturation where no

further categories were needed (Glaser & Strauss, 1967). A codebook was created and the researchers then calibrated the definition of each leadership challenge by independently reading transcripts and cross checking with each other until over 90% inter-rater reliability was achieved.

The final codebook was used by coders hired to classify the stories in the database. Before hiring, each coder was screened by asking them to summarize the stories from a standard transcript that had been used by the researchers in creating the codebook. This ensured that the coders were able to understand the key points of the stories and produce accurate summaries to be used in checking their later classifications. The researchers then checked the coder's ability to understand the codes, process, and correctly classify the test stories. Three coders were hired and further trained to classify the stories. The coders practiced on test stories until their classification was consistent with the researchers and they achieved over 80% inter-rater reliability. Only after this rigorous training process did the coders classify new transcripts.

The coders were physically located together and were in constant contact with each other. They were told that if they were unsure of any classification they should work together to agree and then check with one of the researchers. The first few interviews coded by each coder were checked by the researchers. As a cross check to the process, the coders periodically compared the story summaries for each story type to check that all the stories coded as a given type were indeed similar and representative of that leadership challenge. Note that the coders who classified incidents according to leadership challenges were different individuals from those who coded competencies and were blind to the competency codes.

Outcome. As part of the coding process the coders who classified the leadership challenges also evaluated the business outcome of the story described by the interviewee. The development and classification of outcomes followed the same process as described above for classifying the story type. Outcome types were classified on a scale of 1 = “Unsuccessful” to 5 = “Strong Unambiguous Success with specific numerical or behavioral indicators of success offered.” Because the interviewer specifically asks for less successful as well as highly effective incidents, interviewees are generally quite frank in describing the results (‘abject failure;’ “project didn’t work and was discontinued,” “horribly frustrating and nothing was accomplished”). However, the classification of the outcomes depends completely on the description of the practical results—not on whether the event was offered in response to the BEI protocol requesting “a time when you felt effective” versus “a time when things didn’t turn out the way you wanted, despite your best efforts.” Outcome levels 1 through 3 indicate no practical benefit to the organization, ranging from “actual failure” to “I got approval for the project but haven’t implemented it.” The standards for scoring a success as level 5 are quite stringent: the interviewee must describe the measures of success in specific numerical or behavioral detail (e.g., “sales went up by 15%,” “morale improved: absenteeism and turnover were reduced by 50%,” “the personal conflict was resolved and the two people recently made a joint presentation on a project they are doing together,” “we went from the worst region in customer satisfaction to being tied for first place”). Level 4 outcomes include events in which the practical business results are either not complete (e.g. “sales improved but profitability stayed level;” “we almost made the target;” “we are now breaking even but not making a profit”), or are described with less specific detail than

required for level 5 (e.g., “sales went up;” “morale improved, people seem happier and complaints have dropped;” “the two people are getting along better now”).

RESULTS

To answer our research questions concerning the leadership challenges that depend on high levels of Impact and Influence, Initiative, Organizational Awareness, and Team Leadership, we looked for differences in the mean level of each competence shown in stories with successful outcomes versus unsuccessful outcomes. If there were enough strongly successful outcomes for a given leadership challenge to make a meaningful comparison (typically > 10), then for each competency we compared the mean level used by managers with strongly successful outcomes (level 5) to the mean level used by managers with all less successful outcomes (level 4 and below). For four story types there were not enough strongly successful outcomes to make a valid comparison of the mean competency levels. For these story types we included managers with outcomes at level 4 (some positive practical results) in the successful group and compared their mean competency level on each of the four competencies to those of managers whose outcomes were below level 4. The four story types that were analyzed by combining level 4 and level 5 outcomes were: restructuring, negotiations, recruiting, and exploring future business. Table 3 shows the results of this analysis.

 Insert Table 3 about here

For 33% of the leadership challenges coded, at least one of the four disappearing competencies was relevant, and for the leadership challenge of Persuading/Influencing more than one leadership competency mattered. For all competencies there were specific

leadership challenges identified; however, Team Leadership is relevant for more than twice as many challenges as Impact and Influence, which is relevant to three challenges (the second highest number behind Team Leadership). In the discussion section below, we treat each competency in turn and address our findings about which leadership challenges are most affected by the presence of high levels of that competency.

DISCUSSION

Impact and Influence

Enlisting the support of others who are not obligated to agree with or act upon one's ideas is a core task in many leadership situations. Three situations were identified in which the level of Impact and Influence an executive used distinguished fully successful outcomes from the rest. These situations were: Building Capability, Recruiting, and Persuading (see Table 2 for definitions of the leadership challenges).

Situations classified as "Building Capability" generally are about the executive undertaking to improve major internal organizational processes by, for example, adding and implementing new HR or IT systems, creating and implementing new logistics, implementing and integrating business innovations, or other improvements and extension of the unit's capabilities. (Building individual or personal capability is coded as Coaching). These situations are analogous to change leadership situations identified by Kanter (1984; Kanter et al., 1992), and often require the support and coordination of executives and other managers in other parts of the company not under one's direct control, and sometimes with external suppliers or partners. The willing cooperation of these 'peers' is often crucial if the project is to be fully successful. The ability to effectively influence others by appealing to their concerns and interests, or by using the

most complex and indirect influence strategies, is more often seen with fully successful outcomes in these kinds of challenges as compared to unsuccessful or only partly successful outcomes.

Because our study is focused on executives, “Recruiting” refers to convincing a desirable individual (usually a senior executive) to join the company or the team, or to fill a key role. These situations are about individual persuasion rather than about general or campus recruiting efforts. Therefore it makes sense that the ability to influence by understanding and addressing the individual’s interests, aspirations, and concerns (moderate levels of Impact and Influence) makes a crucial difference in success.

Situations classified as “Persuading Others” are those in which the leader has an important project or initiative or change which he/she must get other people to support, despite their initial reluctance or indifference. Many of these situations involve convincing one’s boss or upper management to support or invest in a project. Others include persuading one’s peers or external partners (other companies, media, or even government officials) to invest in, support, or at least allow a project to go forward. Most of the fully successful instances include the executive using sophisticated indirect influence strategies (involving one person or group in influencing others), while in the less successful instances leaders were likely to overrely on logical argument or a direct approach.

Initiative

Initiative is the ability to take action now to address upcoming or longer-term opportunities or problems. Initiative has a cognitive component in that it requires thinking through longer-term consequences and taking these into account in decision making now. It also has an action component in that it requires doing something

practical now to avoid future problems or to take advantage of future opportunities. High-level Initiative distinguishes successful outcomes in two common types of leadership challenges: Dealing with Complaints and Negotiating. Both of these categories cover a range of situations. Many of the Complaints challenges involve dealing with distraught customers, while others involved employees who were dissatisfied with each other or with organizational systems and outcomes. Negotiations situations included interactions with labor unions, suppliers, customers, joint venture partners, potential merger partners, or with governmental agencies regarding taxes, fines, or regulations. In both sets of challenge types, the ability of the executive to sustain good quality relationships is part of what leads to a successful outcome.

In dealing with complaints, leaders who took initiative addressed the issue before it became a crisis, and who considered the longer-term effects were more likely to be successful. In negotiations, a similar pattern occurred although the time-frame was longer—often reaching out well over a year ahead. In both cases a manager with a long-term perspective might be more able to consider the health of the relationship as an important aspect of the challenge (Fisher et al., 1991). Resolving complaints or engaging in a negotiation from a framework that considers the other person's needs and values the relationship in the long term is likely to be more successful than considering only short-term instrumental concerns.

Organizational Awareness

Organizational Awareness is the ability to understand the climate, culture, politics, and history of the organization as it impacts the organization's current state. Sophisticated use of Organizational Awareness by executives distinguishes more successful cases of Restructuring from less successful ones. Restructuring situations

faced by this sample of executives typically involved the realignment of a whole department or function, and sometimes several departments or functions, including the redeployment of people into jobs and the establishment of new reporting relationships and decision-making authority for major parts of the organization. In some cases these leadership challenges involved integrating previously separate or recently acquired business units into a coherent whole. Leaders were more likely to display and deploy an in-depth understanding of their organization in the more successful instances of Restructuring than in less successful ones.

The usefulness of Organizational Awareness in coping with Restructuring challenges is straightforward. Because the redeployment of people and resources invariably changes the power dynamics in an organization (Pfeffer, 1992), an ability to know who is likely to resist, who are potential allies, and how to exercise multi-step influence processes by involving powerful others is a crucial capacity in making a reorganization truly embedded in the organization. When leaders lack the capacity to understand and mobilize the political structure of an organization, changes like restructuring are more likely to be changes in name only (Tushman & O'Reilly III, 2006).

Team Leadership

Effectively providing direction and structure to a team or group is a core leadership task. Team Leadership, we find, distinguishes successful outcomes in a large number of leadership challenges.

Taking over responsibility for a department or function would be expected to draw on Team Leadership and indeed we find that the most successful cases of Being a New Manager involve high levels of team leadership. Successful executives in these situations are more likely to set a compelling vision and direction for the team than

unsuccessful ones. Similarly, the Resolving Conflicts challenge often involves intervening in conflicts among one's immediate team members or between the team and some other organizational unit. Therefore, it is natural that executives high in Team Leadership show themselves able to resolve conflicts more successfully than those not able to draw on high levels of this competency.

The outcome of our analysis for Team Leadership produced some results that we had not anticipated. Among these are its importance in the leadership challenges of Dealing with Performance Issues, Setting Standards and Norms, Coaching, and Exploring Future Business. In retrospect some of these situations are common tasks associated with effectively managing a team (Druskat et al., 2003); thus, it may be that a person high in Team Leadership develops skills to handle such situations and transfers that ability to challenges outside the team. Furthermore, upon closer examination of the leadership challenges we found that many times the more successful managers treated as a team issue what, at first glance, might be thought of as an individual issue.

Dealing with Performance Issues is often treated as a team issue in the effective cases—focusing on improving the effectiveness of the group as a whole and/or maintaining its credibility with the larger organization. This approach allows the leader to obtain the input and support of the team for improved performance.

Setting Standards and Norms includes issues other than pure performance standards, such as safety and quality standards, or standards regarding how team members treat each other, behave during meetings, etc. In the more effective cases, these matters are consistently treated as a team issue, with the new standards being implemented at a team level, along with an explanation of their purpose, importance, and meaning. In most of the less effective cases they are either treated as an individual issue

or as an impersonal administrative process (e.g., simply sending a memo or writing a policy).

One might not immediately think of Team Leadership as a factor in Coaching (although sometimes Coaching is done with a team as a whole rather than as one-on-one mentoring) or in Exploring Future Businesses or Persuading. However, we do find clear associations with success in each case. When examining the challenges we find that Coaching at the executive level is more likely to be effective when in the context of a larger team endeavor, such as a turnaround, or in a team context than when demonstrated as an isolated one-on-one incident. Perhaps this is because in this way the person being coached has a clear sense of the urgency and practical importance of his/her development.

In Exploring Future Businesses, the involvement of the whole team helps ensure that a range of perspectives and viewpoints are included in the evaluation of the potential line of business—and ensure broader commitment to making the idea work if it is selected.

Perhaps the most surprising association is that between Team Leadership and success in Persuading. The team leadership demonstrated in this situation is at the moderate levels of involving the team, seeking their input, and considering how the situation impacts their effectiveness. Engaging the team in the persuasive effort may provide the leader with additional ideas, networks or insights into how best to persuade the higher levels of the organization.

Limitations

We only examined these four competencies for leadership challenges where they distinguished successful outcomes from less successful outcomes. It is possible that there

are some challenges where both managers having successful outcomes and managers having unsuccessful outcomes demonstrate high levels of the competency. In this case the competency would not distinguish the successful from unsuccessful outcomes but might be important for any level of success, i.e., you need the competency to engage in the challenge, whether or not the outcome is successful. We have not identified such situations in this research.

The objective of our research was to expand the work of Wolff, Wageman, and Fontaine (forthcoming); thus, we do not examine other competencies that may be associated with successfully addressing the leadership challenges. Further exploration will likely reveal additional competencies needed for success in these situations. Thus, having the competencies we find associated with each challenge is necessary but may not be sufficient for successfully meeting the challenge.

Finally, this research is exploratory and our interpretation of the findings, although based on an examination of the coded situations, is necessarily speculative. Further qualitative research is necessary to observe managers addressing a particular leadership challenge and how they use each competency to meet the challenge.

Practical Implications

Team Leadership affected more leadership challenges than we initially anticipated, which makes its increasing rarity at high levels especially worrisome. It may well be that Team Leadership is of such general utility that it ought to be the core focus of development efforts; increasing the number of people at all levels who can deploy sophisticated levels of this competency is very important.

We also find that a number of challenges associated with Team Leadership were unanticipated. Upon closer examination of these challenges it became clear that those

managers with successful outcomes tended to treat the issue more as a team issue than an individual issue. This finding further highlights the importance of Team Leadership and the framing of challenges that might typically be seen as individual issues in terms of the leadership team. This suggests that not only do we need to be sure that we are accelerating the Team Leadership competency in junior managers but that, at the same time, we help them frame challenges and how they address them as team issues rather than individual issues.

Another implication is the importance of these competencies for challenges that involve persuading or influencing. Since it can be argued that persuading or influencing is an integral part of the job and critical to executive success (Conger, 1998), developing the supporting competencies becomes all the more critical. The findings show that both the competence of Impact and Influence (the ability to adapt influence tactics to the audience and develop indirect influence strategies) and Team Leadership (creating conditions that promote team effectiveness and providing resources) are significantly related to leadership challenges that involve persuading. Development efforts should not only focus on these competencies individually but help a manager understand how they combine to be more effective in situations that require persuasion.

Finally, understanding the leadership challenges in which the competencies are most likely to affect the outcome can help focus developmental opportunities. Junior managers can be placed in situations where they can develop the competencies in a context where those abilities are likely to be most helpful. Additionally, understanding the challenges where junior managers who are developing the competencies might encounter difficulty can allow for more optimal design of the developmental opportunity, e.g., perhaps the person is paired with a mentor who has shown the ability to use the

competency to address similar challenges. Since it is becoming increasingly important to accelerate the development of junior managers as senior managers retire in accelerating numbers, information about the competencies likely to be in short supply and the associated leadership challenges where they are most needed for success is all the more critical.

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TABLE 1

Definition of competencies used in this study

Competency	Definition
Impact & Inf.	<p>Complexity or customization of the attempt to influence Implies an intention to persuade, convince, influence, or impress others (individuals or groups) to get them to go along with or to support the speaker's agenda. The "key" is understanding others, since Impact and Influence is based on the desire to have a specific impact or effect on others where the person has his or her own agenda, a specific type of impression to make, or a course of action that he or she wants others to adopt.</p>
Initiative	<p>The distance into the future that one is looking for problems and opportunities on which to take action Includes both:</p> <ol style="list-style-type: none"> 1. The identification of a problem, obstacle, or opportunity and 2. Taking action in light of this identification to address current or future problems or opportunities. Initiative should be seen in the context of proactively doing things and not simply thinking about future actions. The time frame of this scale moves from addressing current situations to acting on future opportunities or problems.
Organizational Awareness	<p>Thoroughness of understanding of one's own or another's organization The ability to understand and learn the power relationships in one's own organization or in other organizations (customers, suppliers, etc.). This includes the ability to identify who the real decision makers are; the individuals who can influence them; and to predict how new events or situations will affect individuals and groups within the organization.</p>
Team Leadership	<p>Strength and completeness of assumption of the role of leader The intention to take a role as leader of a team or other group. It implies a desire to lead others. Team Leadership is generally, but certainly not always, shown from a position of formal authority. The "team" here should be understood broadly as any group in which the person takes on a leadership role, including the enterprise as a whole.</p>

TABLE 2**Definition of Leadership Challenges**

Leadership Challenge	No. of Stories	Definition
Acquisition, Integrate	25	Integrating a new business and managing.
Acquisition, Search	29	Acquiring new business (search and negotiations).
Avert PR Disasters	24	Avert PR disasters in the external business world.
Building Capability	175	Improve productivity or capability in organization. Includes new standards of procedure, HR development, increase in efficiency, geographic moves, etc.
Coaching	103	Developing, coaching, and mentoring. Can be one-on-one or with a team, business, or customer.
Complaints	63	Dealing with complaints or issues, other than performance issues. Can include working conditions, policy issues, interpersonal conflicts, etc.
Conflicts	82	Resolving or dealing with conflict.
Creating Synergy	13	Working with peers across the organization to create capacity or strategic advantages. Does not include routine coordination of efforts.
Crisis	27	Dealing with crisis, external and internal. Can be scandal, fires, riots, etc.
Cross-Silo Project	13	Working on a cross-company project, often one that has been started by someone else.
Culture Change	28	Leading significant change in organization. Can extend beyond organization to the industry or national/international groups.
Downsizing	32	Downsizing or closing operations.
Executing	29	Executing strategy quickly and effectively. Can be launching a product, getting new customers, etc.
Exploring Future Business	26	Exploring potential future business ideas (H3). Usually involves getting buy-in from senior management, rather than implementation.
Grow Business	90	Growing/maintaining profit in H1 existing business. Includes “making the numbers” or improving profitability.
Influencing, Persuading	103	One-sided, usually internal in scope. Can be to gain funding.
Job Person Matching	44	Matching employee with specific job or task. Employee is usually already employed by company.
Making the numbers	40	Meeting higher management’s goals and targets.
Market Reposition	24	Repositioning the company in market/media/public eye. This regards the company’s general reputation, not just new products.
Missing Strategy	98	Defining/Refining/Recreating the mission or strategy. Can be done by oneself or in a team.

Table continues

TABLE 2 (cont.)**Definition of Leadership Challenges**

Leadership Challenge	No. of Stories	Definition
Negotiations	72	Stories where the negotiation process is a main theme. These can be with unions, potential partners, etc.
New Customers	36	Bringing in new customers
New Manager	172	Focus on becoming a new manager and following the pattern of coming in, doing research, and changing some aspect of company or team.
New Product	57	Launching a new product or a major marketing campaign for an existing product.
Performance Issues	142	Dealing with performance issues. Termination does not matter for the outcome.
Recruiting	34	Recruiting
Responding to Needs	113	Responding to customer needs. Does not include customer complaints or selling to a customer. Also includes responding to needs within the organization.
Restructuring	80	Restructuring or reorganizing. Includes dealing with protests and resistance to reorganization.
Retaining Top Talent	30	Attracting and retaining top talent, and creating an environment where people want to be employed.
Selling	99	Influence, persuading a customer. Does not include “selling” an idea to a boss or management team.
Setting Standards	42	Setting norms of behavior. Includes integrity, safety, and enforcing norms; does not include standards of procedure.
Start Up	42	H2 startup of new business. Includes getting buy-in for a project.
Strategic Relationships	71	Develop critical external relationships, other than Mergers and Acquisitions, which can be with government entities. This also involves using relationships to attain a goal.
Turnaround, Hard	63	Focus on achieving \$ and #s, bottom line and/or top line. Likely to include focus on strategy and/or execution.
Turnaround, Soft	47	Focus more on achieving improvements in climate or customer satisfaction. Likely to include focus on HR, climate, systems, and processes.
Other	12	Anything not included in above categories

TABLE 3

Leadership Challenges Associated with Each Competency

Competency	Leadership Challenge	Unsuccessful			Successful			p ^a
		Mean	s.d.	n	Mean	s.d.	n	
Impact and Influence	Influencing, Persuading	3.17	1.84	87	4.63	1.45	16	.004
	Recruiting ^b	1.54	1.80	21	2.95	1.94	13	.038
	Building Capability	2.51	1.79	141	3.21	1.84	34	.045
Initiative	Complaints	.62	1.02	53	1.5	1.51	10	.025
	Negotiation ^b	1.19	1.39	26	2.02	1.86	46	.051
Organizational Awareness	Restructuring ^b	2.03	1.99	31	2.92	1.86	49	.047
Team Leadership	Influencing, Persuading	1.23	1.82	87	2.38	1.59	16	.021
	Conflicts	1.17	1.78	72	3.30	2.41	10	.001
	Exploring Future Business ^b	1.48	1.75	21	4.00	1.00	5	.005
	Coaching	1.22	1.89	69	2.26	2.03	34	.011
	New Manager	3.11	2.07	117	3.96	2.04	55	.012
	Setting Standards	1.33	1.93	33	3.00	2.12	9	.030
	Performance Issues	1.44	1.89	131	2.19	2.01	11	.032

^ap-value of a two-tailed t-test comparing the means of the successful and unsuccessful groups

^bIndicates that outcome levels 4 (some practical results) and 5 (strong success) were combined and compared to the lower level outcomes.