

Developing Leadership Culture:

Leadership Is More Than Leaders

A key fallacy in thinking about leadership is to regard the manager as the primary force bringing leadership into being. This fallacy causes people to assume that if the manager is highly skilled, the leadership he or she produces will be highly effective. In this situation, one's view of leadership is greatly reduced. The complex whole of leadership is concentrated upon one of its parts: the manager. Although it's a commonplace saying that there can be no leaders without followers, until now the follower is seen as little more than an entity upon which the leader exercises influence. The authors emphasize the active role of all parties involved in leadership. By putting the outcomes squarely in the middle of the conception of leadership, they present a way to think about leadership as the achievement of the whole of a team, organization, or community.



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Regarding followers as a passive entity upon which leaders exercise influence is part of a common fallacy. Leadership is about understanding people and interaction. Philip Gostelow photographed 18-year-old Zhang Xiao Yi, dressed in Japanese punk style fashion, in Shanghai. She wants to study at the university. All photos in this article are from "China's Generation Next" from Philip Gostelow.



Human resources specialists are often given the task of planning and implementing the identification and development of the organization's future leaders. Part of this process involves creating competency models that describe the mix of skills, abilities, and perspectives required in managers who will be promoted into positions of leadership. Such competency models are often quite comprehensive and cover aspects of managerial behavior from understanding the business and the organization, to influencing and managing others, to acting with self-awareness. Significantly, the competencies are focused on the individual. Even a competency such as 'creates and develops good relationships with others' is framed as something that the manager can achieve individually. The individual manager is expected to learn how to communicate effectively with others, deal with conflict, value diversity and differences among people, and effectively manage a team – even though all of these social actions always involve other

people. The underlying assumption seems to be that if the manager is competent in human relations, nothing more is required of the manager's followers.

We argue that this is a key fallacy in thinking about leadership and leadership development. The fallacy is to assume that the manager or leader is the primary (or only) creative force bringing leadership into being. This leader-source fallacy causes people to assume that if the manager is highly skilled, the leadership he or she produces will be highly effective. If managers who have been properly trained in an organization's competency model turn out not to be as effective as predicted, the human resources staff reviews the competency model, often adding new areas of competence (such as the currently popular "versatility" or "resilience"). In addition, the design of managerial and leadership training programs is assessed, which often leads to re-designing such programs. As the world changes and the business along with it, human resources specialists often find themselves chasing after the next 'key' competency that will assure that managers are capable enough to produce the leadership required. But will they be able to find what they are really looking for?

The assumption that leadership is in the sole responsibility of designated managers or leaders leads directly into the trap of the 'tyranny of competencies': The constant search for even better ways of describing and modeling individual competencies. In this situation, one's view of leadership is greatly reduced: The complex whole of leadership is concentrated into one of its parts: the manager. It's a case of not seeing the forest for the trees.

The reader may be thinking that the missing part of leadership that we want to hint at here is the follower. Indeed, the success of the leader-member exchange theory and its practical models has proven the commonplace saying that there can be no leaders without followers. However, often this focus on followers is simplified to mean that without followers, the leader has no one to lead. The follower is seen as little more than an entity (though a necessary one) upon which the leader exercises influence. This sense-making in fact reasserts the leader-source fallacy.

An analogy can be drawn with the action of a magnet on iron filings: It is the power of the magnet

that fully accounts for the way the iron filings fall into patterns tracing the magnetic field. The leader-source fallacy frames the leader like the magnet and followers like the passive iron filings. The resulting pattern is completely attributable to the force of the leader. Such an approach to leadership is not only oversimplified, but also has severe consequences for the development possibilities of followers: If they are locked in their follower role, and are not seen as proactive co-creators of the leadership process, they will have no chance to develop and realize their potential for leadership. In the long term, this will lead to a talent shortage in a company's leadership pipeline.

In this article, we put forward a different framework for thinking about leadership that emphasizes the active role of all parties involved in leadership. By putting the outcomes squarely in the middle of the conception of leadership, we will present a way to think about leadership as the achievement of the whole of a team, organization, or community.

Direction, Alignment, Commitment as Leadership Outcomes

Instead of thinking about leadership in terms of the processes by which it is produced (that is, the ways in which leaders produce it), think of leadership in terms of its outcomes. We took this perspective because we realized that focusing on the processes of leadership will not provide an answer to the most important questions: Why do we need leadership? What is it, that leadership does in a company? We undertook a broad and detailed review of the leadership literature, in which we identified three high-level outcomes of leadership: 1) direction, meaning a shared understanding of vision, goals, mission, and strategy, 2) alignment, meaning effective coordination and collaboration, and 3) commitment, meaning the willingness of individuals to put their individual interest at the service of the collective interest. For brevity, these outcomes will be referred to as DAC (for a detailed explanation of this approach, see Drath et al. 2008).

Thinking of leadership in terms of these outcomes raises the question: Do we need individuals designated as 'leaders' in order to achieve this? In other words, how does an organization overall produce leadership? Notice how this question is quite different from the question of how leaders produce leadership. In fact, one answer to the question of how organizations produce leadership is 'by relying on leaders to produce DAC'. This is perhaps the most common answer to the question. However, sig-

nificantly, it is not the only possible answer. There are other ways that people create DAC, ways that, in our understanding, enrich the range of possible processes by which that outcome can be produced.

In our practical experiences with leadership development in many organizations, we found that most frequently people produce leadership through every-day practices of working together. For example, team members may make mutual adjustments in their work without any higher control, colleagues may make consensus decisions among themselves, people may engage in shared problem solving, they may negotiate and compromise or use dialogue. All of these practices are possible ways that people in organizations can (and often do) produce one or more of the leadership outcomes of leadership: direction, alignment, and commitment. And therefore, if we consider that direction, alignment, and commitment are the mark of leadership, all of the above behaviors are possible leadership practices. Yet none of them required a leader! From this perspective on leadership, leaders are not the primary creative force producing leadership. Although a leader may often be useful, a leader is not necessary for the production of DAC. Leadership can be produced in other ways. There is a wide variety of social interactions that produce the outcomes of leadership and can therefore be thought of as leadership – some of them requiring a leader, some of them not.

What are the implications of this perspective for the quest of leadership competency models? We argue that leader-based competencies are important when an organization relies heavily on its leaders to produce the outcomes of leadership (DAC). However, even then, leader competencies are necessary but not sufficient ingredients to produce effective leadership. This is because the outcomes of direction, alignment, and commitment are by nature social, systemic, and organizational. If direction is to be shared, everyone must understand and accept it; if alignment is to produce coordination and collaboration, everyone must be prepared to interact collaboratively with others; if there is to be commitment, everyone must put the good of the shared work above individual good. In the view of leadership being offered here, leadership is the achievement of whole groups, teams, organizations, and communities. One might say that leadership is an ensembled outcome. Even when relying on individual leaders to produce DAC, the whole of the organization is implicated. In other words, even when there is a competent conductor, there must still be a competent orchestra if there is to be beautiful music.

Asked about her most prized possession, 20-year-old Huang Xu (left) answers “myself”. She is a university student in Shanghai and wants to be a stylist. Shen Yan Yan (right), 21 years old, also a university student, wants to go overseas.

Competency models, through their focus on the singular individual, do not address such social, systemic, and organizational ensembled outcomes. What is needed is something more than individual competencies – a social, systemic, and organizational competency for leadership. An easy and effective way to think about such ensembled leadership competencies is to relate them conceptually to organizational culture.

The Need for Leadership Culture

In the terms of Edgar Schein (1992, 12), culture can be thought of as the “pattern of shared basic assumptions that the group learned as it solved its problems (...) [and] that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way”. This definition of culture exposes both its evolution (through experience, handed over from generation to generation) and its purpose (to effectively solve the problems that people are faced with). Using this general concept of culture as a foundation, we would like to introduce the idea of a leadership culture. A leadership culture is the pattern of basic shared assumptions (beliefs) that a group uses (and teaches to new members) to produce direction, alignment, and commitment.

In the view being presented here, it is the leadership culture – not individual leaders – that is understood as the source of leadership. Individuals, no matter whether they might be formally recognized as leaders, are understood as enactors of and participants in the leadership culture. Thus, it is the nature of the leadership culture



that determines what specific competencies of individuals will be effective in producing good leadership. For example, in some leadership cultures, influencing, negotiating, and collaborating might be the most important competencies that help individuals to create direction, alignment, and commitment. In others, competencies such as networking, flexibility, and focus on bottom-line goals might be most important. In the following, we will present two case studies of organizations with very different leadership cultures. These cases are real companies, but we changed all identifying information to guarantee anonymity. Both companies have challenges for leadership development, yet we will see that the development of effective leadership is inseparable from the development of leadership culture.

Leadership Culture at Linderman Foods

Linderman Foods supplies groceries directly to consumers living within about a one-hundred mile radius of their facilities. The company's facilities include refrigerated and unrefrigerated warehouses, a meat aging and processing plant, sales and administrative offices, and a fleet of refrigerated trucks. The company is organized hierarchically and functionally. Each function of the business is under a supervisor who is responsible for the efficient and effective operation of his or her function. The supervisors report to an operations manager who is responsible for overall operations. The operations manager in turn reports to the company president, Joseph Linderman, who is also the founder. In general, the supervisors make deci-

Fang Chen Hui, 18-year-old Chinese youth living in Shanghai, loves playing on the internet. He wants to be a stylist, and sometimes he works as a talent spotter on street.

sions related to routine problems within their functional area. The operations manager makes decisions related to issues and problems that affect all of the functional areas, such as re-scheduling shipments, or changing a source of supply for a better price or quality. Mr Linderman, the president, makes all strategic decisions such as the variety of foods supplied, markets served, and capital spending. He works closely with the operations manager and freely offers advice on solving problems and finding opportunities for cost saving. He also makes frequent appearances in the warehouses, meat processing plant, and among the delivery drivers.

Both the supervisors and the operations manager frequently invoke Joseph Linderman's name in talking with employees. Mr Linderman often intervenes directly when an employee has a problem. He is well known for taking care of his employees when they encounter major life problems such as serious illness in the family, financial struggles, even legal difficulties. He is therefore highly regarded by nearly all of the employees.

How might one describe the leadership culture of Linderman Foods? How is direction, alignment, and commitment produced in the organization? First, direction is produced personally by Joseph Linderman. Using his considerable knowledge acquired during forty years in the business, the president decides on the overall business goals and strategy. He works with an accountant, but he keeps his own counsel about the company's financial condition and he alone decides when and how to make capital investments. He gathers information from the operations manager about how things are operating, but no one other than him is involved in making major operational decisions. Because the business has always been successful and has grown slowly but steadily, his decisions are widely trusted.

Second, alignment is produced by the operations manager who acts as a connector between Mr Linderman and the supervisors. He takes the general directions of the president and translates them into day-to-day plans and routines. He works on a daily basis with all of the functional supervisors to assure personally that the various functions are working well together. The operations manager often consults with the supervisors, but in the end it is his responsibility, and so the supervisors see their job as carrying out the operations manager's plans and routines. The supervisors deal directly with the employees and keep a careful eye on the work.

Third, commitment is produced through the admiration, respect, and loyalty employees feel for Joseph Lin-



derman. The president's paternalism gives people the feeling that they are part of an extended family. Many of them are long-time employees, who see Linderman Food as a key source of a good life: steady employment, reliable wage increases, reasonable benefits, and a boss who looks on them as family members.

Now, what does the company need to do when Mr Linderman is going to retire? Overall, the leadership culture at Linderman Foods is one of dependence on the company's founder, Mr Linderman. This leadership culture dependent on a single individual is sustained by a system of interconnected beliefs held by virtually everyone in the company: 1) The belief that, as the company's founder, Mr Linderman has the right to act unilaterally. Noticeably there is no competence involved in this belief and no amount of leadership training could substitute for this belief. 2) The belief that it is Mr Linderman's duty to protect and take care of his employees. Mr Linderman believes this, but so do his employees. 3) The belief that Mr Linderman has the right to structure authority and power so that he is afforded the maximum scope for making decisions and taking action at any level of detail. Again, both Mr Linderman and most of his employees hold this belief; if they did not, employees might well think of

Mr Linderman's actions as dictatorial and unreasonable. But this is not the case in the current company. 4) The belief that the fate of the company rests in Mr Linderman's hands.

The point of this case company is not to criticize Joseph Linderman's paternalistic leadership style, but to show the importance of the leadership culture that exists in his company. Mr Linderman's qualities as a leader are partly constituted by the whole system of belief in which both he and his employees participate. The strength of his vision for the company, his ability to influence others, his capacity to act as the company father are all supported by the system of beliefs sustained in the leadership culture. The current leadership culture would not be effective without Mr Linderman – and he, in turn, would not be effective in other leadership cultures. This emphasizes the important point that the competence of a leader is not just a matter of individual skill, but is critically determined by the leadership culture. The leadership culture of Linderman Foods is a strong culture, because the beliefs and practices that sustain it work well together and reliably produce direction, alignment, and commitment.

The key point in all of this is that when Mr Linderman needs to be succeeded, it will not be primarily the competence of the new leader that is most important. It will be the capacity of the company to develop a new leadership culture – a new set of beliefs about how to produce direction, alignment, and commitment under conditions very different from those that exist currently (for an extended case study of how an organization might go about de-

veloping its leadership culture in this way, see Drath 2001). If this change in leadership culture does not take place, Linderman Foods may find itself incapable of producing the required degree of direction, alignment, and commitment. Notice how this challenge involves more than the leader competencies of an individual person (such as whoever becomes Mr Linderman's successor); the overall culture of the organization is implicated in solving this challenge in the future. Thus it will be insufficient to think about the process of replacing Mr Linderman only in terms of staffing. Indeed, it is a challenge for organizational development.

We still see many companies with leadership cultures like Linderman Foods. If these companies cannot develop a different leadership culture, their 'Mr Lindermans' cannot be replaced without jeopardizing the company's success. We often see examples of companies where everything seems to fall apart once the founder, president or key leader leaves. Often, those left behind try in vain to replace such a leader with another who is just the same. However, if the conditions facing the company have changed, calling for a change in its leadership culture, this strategy will likely fail.

On the other hand, even companies relying on a whole team of people to create direction, alignment, and commitment face detrimental consequences if their leadership cultures – although endorsing co-creative leadership – are not adapted continuously to the changing business context and problems that these companies face. One example of such a company is Global Logistics, Inc.

Leadership Culture at Global Logistics, Inc.

Global Logistics (GL) provides logistical services to client organizations moving heavy machinery by rail and ship around the globe. The company has three principal divisions: 1) America, 2) Europe, the Middle East, and Africa, and 3) Asia. Each division has a president who sits on the corporate executive management team at GL headquarters in Basel.

With such a large and far-flung enterprise, the leadership culture is not nearly as coherent and unified as it is at Linderman Foods. There is a wide variety of beliefs about how to produce direction, alignment, and commitment. Differences in these beliefs result from the organization's globally-dispersed operations and the different challenges and problems that different subsidiaries need to cope with locally. For example, leaders and employees of GL in India have significantly different beliefs about how to produce direction, alignment, and commitment than, say, GL leaders and employees in Germany, who in turn have quite different beliefs from leaders and employees in Chile. If the local beliefs about how to produce direction, alignment, and commitment vary significantly, then the practices needed to produce these goals will also vary locally. This resonates with the notion that local leadership culture needs always to be embedded in some larger national or ethnic culture – it cannot be contradictory to such larger cultures, otherwise people will not want to adopt it.

From a traditional, competency-based perspective, GL should develop a better leader competency model that emphasizes cross-cul-

tural leadership competencies, such as the capacity to adapt one's style to the local culture. This may indeed be needed, but more importantly, GL needs to address the tension between establishing a company-wide, unified leadership culture, and embedding such a culture in the various national and ethnic characteristics.

This has been a big problem for Global Logistics, because the company's history began in Switzerland and most of its senior managers and leaders are European. Also, many elements of GL's company culture and values have a significant typically Western European influence. Managers who have joined the company more recently and who are from other regions have been expected to conform to the 'GL Way' and engage in the same leadership practices that were established by their European counterparts. For example, a Chinese manager is expected to conform to the leader competencies and behaviors of his European counterparts even though he manages operations in Shanghai. From the perspective of direction, alignment, and commitment, this is not likely to be effective: The Chinese manager, trying to solve problems in South-East Asia, is asked to apply beliefs and practices that were developed in response to challenges in Western Europe. Of course, operations in China require direction, alignment, and commitment just like operations anywhere in the world, but the beliefs about how to produce them will differ significantly.

Furthermore, GL has experienced for a long time that European managers are quite successful as leaders of European operations. Based on this experience, GL executives believe that European leaders and European operations are better and

should therefore be the model for leaders and operations everywhere. This has led to the creation of a 'GL Way' and produced a campaign to instill 'GL Way' in operations around the globe. From a leadership culture perspective, the situation at GL is that there are some non-European operations being run by Europeans – requiring changes in the local leadership culture and individual leadership style. And there are non-European operations being run by local managers who are trying to impose a basically European leadership culture (the GL Way) on local employees. Both of these situations lead to ineffective leadership (that is, both often fail to produce direction, alignment, and commitment effectively).

Comparing the leadership cultures of Linderman and GL, we see that Linderman Foods had a strong culture because the beliefs and practices used to produce direction, alignment, and commitment were internally coherent (the beliefs were mutually reinforcing) and effective in producing DAC. The leadership culture of GL, on the other hand, is rather weak. Its beliefs are not internally consistent and mutually supportive. As a result, GL's capacity to produce DAC for corporate-wide initiatives (such as a new strategy for integrating operations world-wide) is limited at best. Leadership development at GL calls for the development not just of individual leaders but also of the leadership culture. The challenge of this is great, because developing the leadership culture means changing all of the local leadership cultures (including that of the European operations). If GL wants to adhere to the concept of a worldwide GL Way, this cannot be based on traditional Western European leadership practices and beliefs. It

must arise from a synthesis of leadership cultures such that operations anywhere in the world are equally able to produce direction, alignment, and commitment. Alternatively, GL could decide to drop the idea of a single GL Way and support the development of leadership cultures in their local settings with local leaders. However, company-wide leadership will then find it hard to integrate all these different cultures.

In sum, the cases of Linderman Foods and Global Logistics illustrate that the traditional idea of leadership development – developing individual leaders – needs to be reconsidered. The two cases have shown that leadership culture is the foundation of the production of direction, alignment, and commitment. As pointed out earlier, the process of producing of direction, alignment, and commitment is nothing else but leadership. Thus, the development of leadership is inseparable from the development of leadership culture. The development of leadership culture, of course, has deep implications for the development of the individuals, whether they are in formal leadership roles or not, and will partly be achieved by developing these individuals. However, individual leader development will not suffice; the organizational level needs to be taken into account.

Implications for HR Professionals

What does all of this mean for human resource managers who are responsible for making sure that their organizations have a well-trained cadre of leaders? The implications are far-reaching. First, HR managers would benefit from thinking about leadership in terms of its outcomes. The overall leadership of an organization can be assessed in

Ji Qing (left) and Yoma (right), 16- and 18-year-old Chinese youths living in Shanghai. When photographer Philip Gostelow asked Ji Qing about her ambitions, she answered: "Marry a rich guy!". Yoma's favorite hobbies are shopping for clothes and chatting on the internet.



terms of the degree and quality of direction, alignment, and commitment it is able to produce. If the outcomes are inadequate to the needs of the organization, the question to ask is: what new ways for producing direction, alignment, and commitment does the organization require? How can the leadership culture be developed?

Second, HR managers must reframe the competency approach to leadership development. Competencies should be tied directly to the beliefs and practices of the leadership culture within the company – not to some externally based concept of effective leader behavior that neglects the organizational context. If competencies are developed, they should be developed at all levels – the individual as well as the collective level.

Third, the development of individual leaders should be integrated with the development of employees in general. The creation of direction, alignment, and commitment is a collective process that everyone contributes to with their beliefs and practices around DAC.

Forth, it will be helpful to think about effective leadership (the ensembled capacity to produce direction, alignment, and commitment) as a competitive advantage that no other organization can copy or steal. The mutually supporting beliefs and practices that an organization uses to produce direction, alignment, and commitment are unique

to that organization, they emerge from the collective and collaborative work of particular individuals in response to their unique challenges and circumstances. Like their capacity to produce, for example, flawless customer service, their capacity to produce effective direction, alignment, and commitment is truly their own. This gives an organization a significant long-term advantage: Competitors may tempt the organization's leaders to leave, but no other organization will be able to copy the company's unique leadership culture that is the basis for its effectiveness.

Zusammenfassung

Führung ist eine Frage der Kultur

Kompetenzmodelle für die Auswahl und Entwicklung von Führungskräften sind inzwischen unentbehrlich geworden. Allerdings hat der Kompetenzansatz der Führung den Nachteil, dass er alle notwendigen Bedingungen für effektive Führung in einem Individuum lokalisiert: der Führungskraft. Dies ist eine übermäßig vereinfachte Annahme, da Führung an sich ein sozialer Prozess ist, der auf der Interaktion von mehreren Personen beruht. William A. Drath und Regina H. Eckert stellen ein Modell von Führung vor, das die drei Ergebnisse Direction, Alignment und Commitment (DAC) in den Mittelpunkt stellt. Anstatt Führung in bestimmten Personen zu verankern, versteht dieses Modell die gesamte Bandbreite von sozialen Interaktionsprozessen, die DAC schaffen, als Führung. Die Gesamtheit solcher Interaktionsprozesse wird von der jeweiligen unternehmensspezifischen Führungskultur beeinflusst. Anhand zweier Fallstudien zeigen die Autoren, dass die Etablierung und Pflege einer zielgerichteten und in sich stimmigen Führungskultur für die langfristige Sicherung von Führungsnachwuchs im Unternehmen unerlässlich ist.

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