Developing Leaders in Latin America
Understanding Managerial Derailment

By: Sarah Stawiski, William A. Gentry, Laura Santana, and David Dinwoodie

Center for
Creative
Leadership®

Contents

Introduction

Miguel was on the fast track, or so he thought. As a manager in a rapidly growing multinational bank, he had always enjoyed a reputation as a "high potential," and had been promoted quickly because of his strong technical competence. That's why he was surprised to learn he'd been passed up for his next promotion to director. His aloof, tough style that discounted the need to connect at an interpersonal level had previously been overlooked by his managers. Until this "derailment moment," he had not seen the need to shift towards more managerial and strategic competencies, assuming his technical expertise would keep paying off. Miguel, like many managers with a lot of early promise, had failed to reach his full potential as a leader in his company.

To develop leaders in Latin America, we must draw on the knowledge and best practices of the field, while asking new questions and adapting our approach to the specific cultural, economic, political, and social contexts in which leadership is needed. One such question is why some managers, like Miguel, "derail," and how these factors differ (or remain the same) in Latin America compared to other regions of the world. Managerial derailment is a term describing managers who were prematurely fired, demoted, or stopped advancing below their expected levels of achievement (i.e., reached career plateaus). To help our clients and colleagues target and tailor developmental opportunities, a team of researchers at the Center for Creative Leadership (CCL®) conducted a study of managerial derailment in Latin America. In this white paper, we share our findings, consider cultural factors that may underlie the data, and offer suggestions for keeping Latin American managers on the track of career success.

Why Look at Derailment Now?

Presently, we see a significant opportunity for Latin American organizations and corporations operating in the region to take an intentional approach to develop leadership capacity. During a period when the Northern and Western hemispheres have struggled economically, much of Latin America is enjoying stable growth. Of course, it is difficult to generalize about business growth and managerial practice in such a diverse region; however, growth rates overall are healthy.

Even so, developing individual leaders in Latin America does not come easily. It is a region that frequently experiences changes in political landscapes; people have historically and continually navigated volatility and ambiguity[1] for their survival. Some expectations of organizational leaders are the same as their counterparts around the world:

- developing managerial effectiveness. Inspiring others

- developing employees

- leading teams

- guiding change[2]

Other challenges facing leaders and managers in Latin America may be a reflection of unique circumstances within the region, including:

- a narrow concept of leadership which makes it difficult to teach and to develop

- a history of controversial leaders

- a grand presence of family-owned business with "traditional" hierarchical decision making

- deep influence of the government on business-related issues[3]

Given these challenges, organizations need relevant information in order to invest in leadership development in a targeted, effective way. One strategy is to understand what prevents managers from succeeding—managerial derailment factors—and focus developmental opportunities on key skills managers need to avoid derailment to keep their careers on track. Research based on US managers has shown that managers who derail have distinct patterns of dysfunctional behavior involving five factors:

- problems with interpersonal relationships

- difficulty leading organizational teams

- trouble changing or adapting to their environment or their boss

- failure to meet their business objectives

- a too-narrow functional orientation[4,5]

The derailment research has been replicated with US samples, as well as with European and Asian managers. The findings are remarkably consistent. While the research has not been conducted among Latin American managers to determine the most prevalent reasons for derailment in the region, we do see value in measuring how Latin American managers fare on these five derailment factors for two reasons. One, the consistency of the findings across country, culture, and industry sector would suggest these are important and universal—if not the full picture. Two, a large and growing number of Latin Americans are working within global organizations where these factors are undoubtedly relevant to managerial success.

To gauge how Latin American managers are faring in regards to derailment potential, we studied a sample of 492 Latin American managers who were assessed on 40 items that make up the five derailment factors. The sample was also compared with a sample of 500 US managers.

About the Study

The findings presented in this study are based on a sample of 492 managers from Latin America and 500 managers from the United States. Our Latin America sample included managers from Brazil, Chile, Columbia, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Panama, Peru, and Venezuela. All managers in the Latin America sample were born in and currently live in a Latin American country. US managers were sampled in order to have a similar gender and organizational level demographics as the Latin America sample. All managers in the US sample were born in and are currently living in the US.

Data came from Benchmarks®[6] a data collection instrument which contains 40 items that make up the five derailment signs. The managers participating in the study received ratings from their bosses, direct reports, and peers and also provided self-ratings as part of a developmental feedback process. For this scale, a "low-is-good and high-is-bad" approach is necessary. In other words, lower scores indicate the manager is demonstrating less of the derailment sign and higher scores indicate the manager is showing more of the derailment behavior. A portion of the findings from this paper were presented at the Southern Management Association conference in November 2011.[7]

Key Findings

Managerial derailment can be financially costly to an organization and can hurt the morale of coworkers of the derailed manager.[8] Overall, the good news from this study is that derailment ratings of managers in both regions are low. Three key findings may be of particular value to managers and those with leadership development responsibilities in Latin American organizations.

Finding #1: The top derailment risk is having too narrow a functional orientation.

From the bosses' perspectives in both Latin American and the US, managers struggle the most by exhibiting "too narrow a functional orientation" (i.e., it is ranked "#1" of the five derailment factors because it received the highest mean ratings). That refers to managers being too focused on their specific role or function within the organization with limited ability to see the broader organizational picture. Managers who struggle here may not be knowledgeable about other parts of the business, or may not be able to see how

their realm of expertise is applicable elsewhere. They lack the depth to manage outside of their current function. "Difficulty building teams" and "problems with interpersonal relationships" were ranked as the second and third most concerning derailment factors for both Latin American and US managers. In the Latin American sample, "failure to meet business objectives" ranked fourth and "difficulty changing and adapting" ranked fifth; for the US sample those were reversed (see Table 1).

Table 1	**Boss Ratings of Derailment**			
	LATIN AMERICA		US	
	Rank[1]	Mean	Rank[1]	Mean
Too Narrow a Functional Orientation	1	1.79	1	1.81
Difficulty Building Teams	2	1.73	2	1.69
Problems with Interpersonal Relationships[2]	3	1.72	3	1.61
Failure to Meet Business Objectives[2]	4	1.65	4	1.53
Difficulty Changing or Adapting	5	1.62	5	1.58

[1] 1 = highest ranking derailment dimension; 5 = lowest ranking derailment dimension.
[2] Demonstrates that Latin American and US managers' mean scores on a derailment scale from 1 (least likely to show signs of derailment) to 5 (most likely to show signs of derailment) were significantly different at $p < .01$ using an independent samples t-test.

Finding #2: Raters in Latin America tend to rate managers more negatively than their US counterparts while managers in Latin America tend to rate themselves more positively than managers in the US.

Bosses see more derailment signs in their Latin American managers than in the US managers (i.e., their ratings of derailment for managers are higher than the managers' own self-ratings). Latin American managers had equal to or higher scores (greater likelihood of derailment) than US managers on all derailment factors, according to the perspective of their bosses.

Two factors in particular,—"problems with interpersonal relationships" and "failure to meet business objectives"—were significantly higher for Latin American managers. In fact, Latin American managers were consistently rated worse on these two derailment factors by bosses as well as peers and direct reports. (We should

note that these differences aren't huge. Statisticians would describe the findings as small in effect size, meaning that while statistically significant differences exist, practically speaking the difference may not be noticed by the average observer).

Perhaps an even more interesting finding is that managers in Latin America rate themselves the same or lower (less at risk for derailment) than managers in the US on all five derailment factors (see Table 2). The ratings were significantly lower on three factors: "difficulty changing or adapting," "difficulty building teams" and "too narrow a functional orientation."

| Table 2	Self-Ratings of Derailment			
	LATIN AMERICA		US	
	Rank[1]	Mean	Rank[1]	Mean
Problems with Interpersonal Relationships	1	1.49	1	1.52
Failure to Meet Business Objectives	2	1.48	2	1.49
Difficulty Building Teams[a]	3	1.48	3	1.60
Too Narrow a Functional Orientation[a]	4	1.42	4	1.58
Difficulty Changing or Adapting[a]	5	1.38	5	1.5

[1] 1 = highest ranking derailment dimension; 5 = lowest ranking derailment dimension.
[2] Demonstrates that Latin American and US managers' mean scores on a derailment scale from 1 (least likely to show signs of derailment) to 5 (most likely to show signs of derailment) were significantly different at $p < .01$ using an independent samples t-test.

Pulling these findings together, we see that managers in Latin America tend to rate themselves more positively than their US counterparts, while their raters tend to rate them more negatively than raters in the US. What could explain these apparently contradictory findings? One possibility is that raters in Latin America are tougher than raters in the US. Another explanation is that Latin American managers are not able to see the same picture as their raters, or maybe they have more positive perceptions of their impact than their raters do.

Finding #3: Latin American managers face a perception gap.

In a second analysis, we confirmed that there were significantly larger gaps between self and other ratings in overall derailment scores in Latin America than there were in the US for every rater type: peer, boss, and direct report (see Figure A for boss example)[9]. Moreover, it was the self-ratings that were causing these larger discrepancies. In other words, the managers in Latin America were more lenient in how they rated their own derailment tendencies than were the US managers.

Figure A

The Perception Gap
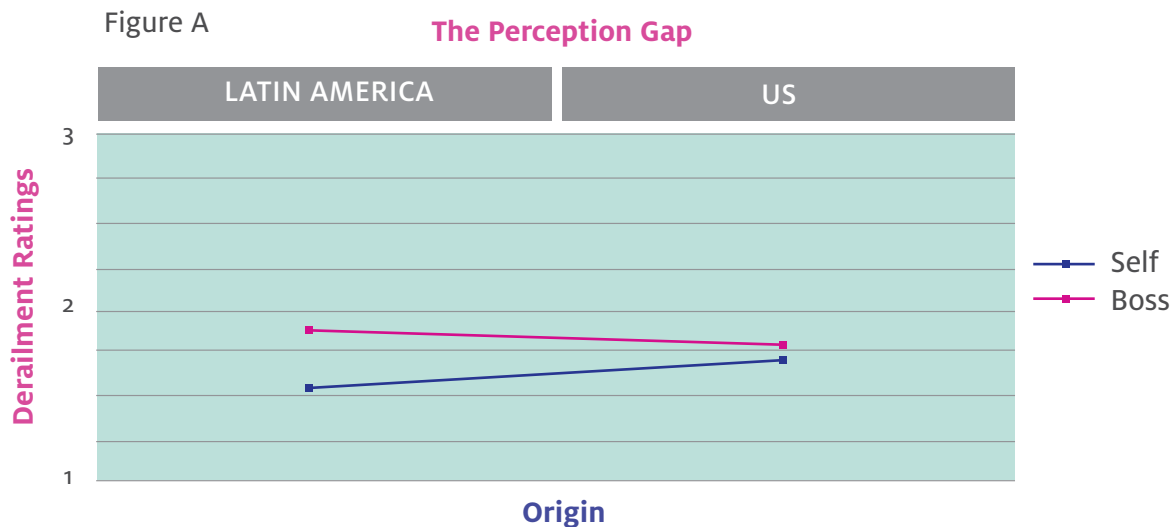
Self-boss discrepancies of derailment behaviors as a function of origin (Latin America versus United States).
Lower scores (closer to 1 in magnitude) indicate a lower likelihood of derailment.

The Role of Culture

How can we make sense of these findings? Drawing on the GLOBE Study,[10] a well-known study of 62 societies, we can see how cultural factors may play a role in our derailment findings.

A greater discrepancy between the manager and raters in Latin America signifies a disconnect between two sets of perceptions and seems to reveal a lack of self-awareness on the part of Latin American managers. One relevant cultural dimension is power distance which is defined as, **"the extent to which a community accepts and endorses authority, power differences, and status privileges.[16]"** High power distance tendencies in Latin American cultures can lead to what is sometimes referred to as the *efecto patrón*—senior leaders are expected to know best and guide the collective, not necessarily ensure that things are fair, equitable and participative.[17] In fact, high power distance would encourage following the leader and discourage questioning. This may inhibit the practice of feedback and, consequently, result in a lack of self-awareness.

Practical Suggestions for Managers

The CCL study identified "Too Narrow of a Functional Orientation" as the most likely factor to derail both Latin American and US managers, according to their bosses. To extend beyond the narrow focus of your own work and gain a broader perspective, Lombardo and Eichinger[18] suggest that you seek opportunities to

- learn other functions

- volunteer for task forces or teams outside your current area or function

- observe higher-level managers

- talk to generalists (people who are broadly skilled) to widen your own skillsets

Boosting self-awareness also reduces your chances of career derailment. An accurate understanding of how others view your behaviors and skills—particularly those tied to the derailment scales—allows you to proactively address any perceived shortcomings.

A commitment to self-awareness may be of particular importance for Latin American managers. Our study found that Latin American managers were consistently rated more harshly by others on the derailment scales than managers in the US, even as their self-ratings tended to be more favorable. To reduce this gap in perception and increase self-awareness, you can[19]

- reflect on life-shaping events

- use a coach or mentor

- take personality assessments

- seek out honest feedback

Preventing Derailment

Organizations and individuals differ greatly based on factors including organizational culture, traditional versus international business models, level of and kind of education of the executives and managers involved. Based on this study, we see several potential opportunities for organizations to develop leaders in Latin America with an eye to avoiding derailment.

1. Ensure "meeting business objectives" is a clear priority within your organization. Latin Americans are often proud of their ability to navigate a volatile, uncertain, and complex world. This is sometimes seen as being at odds with results-driven organizational cultures. Yet, in our experience with high-level managers in Latin America, many view driving results as key to their success. The derailment data suggest that meeting business objectives may need to be a clear priority for Latin American managers early on in their careers in order for them to achieve future success and promotions. Training and development efforts should be established to support this priority.

2. Provide training on "communicating up." There are data suggesting that leadership development initiatives within Latin American organizations can improve communication upwards.[20] This also begins to break down the power distance that has lived in older paradigms of hierarchical leadership, and helps to develop relationships between managers and their bosses that focus on development and feedback.

3. Invest in self-awareness. Support an organizational culture that promotes seeking and providing feedback and emphasizes its necessity for improvement. Provide opportunities and guidance for personal reflection and assessment of strengths and weaknesses. Bear in mind that even when people are committed to gaining self-awareness, it can be an uncomfortable stretch and requires strong support.

Even many *patrones* know that a more modern leadership style is necessary to be effective, develop other effective managers, and achieve organizational objectives. The changing nature of leadership[21] is finding a footing in the realities of Latin American leading and managing. By understanding the potential for derailment, organizations and managers will be able to identify problems and seek leader development solutions that will have the greatest impact.

References and Resources

[1] Franicevich, A. (2010). *Challenges reported by Argentine business school students*. Greensboro, N.C.: Center for Creative Leadership.

[2] Munusamy, V. P., Gentry, W. A., Eckert, R., Stawiski, S. A., & Martin, J. (2011, May). *What topics should be taught in leadership development: A qualitative, cross-country investigation*. Paper presented at the 7th Biennial Conference of the International Academy for Intercultural Research, Singapore.

[3] Santana, L. (2010). *Challenges facing Latin American leaders: Perspectives from Chile, Colombia, Mexico, Brazil and USA*. Proceedings from 2010 International Leadership Association (ILA) Conference Round Table Session, Boston, MA.

[4] Gentry, W. A. (2010). Derailment: How successful leaders avoid it. In E. Biech (Ed.), *The ASTD Leadership Handbook* (pp. 311–324). Alexandria, VA: ASTD Press.

[5] Gentry, W. A., & Chappelow, C. T. (2009). Managerial derailment: Weaknesses that can be fixed. In R. B. Kaiser (Ed.), *The perils of accentuating the positives* (pp. 97–113). Tulsa, OK: HoganPress.

[6] McCauley, C., & Lombardo, M. (1990). BENCHMARKS®: An instrument for diagnosing managerial strengths and weaknesses. In K. E. Clark & M. B. Clark (Eds.), *Measures of leadership* (pp. 535–545). West Orange, NJ: Leadership Library of America.

[7] Stawiski, S. A., & Gentry, W. A. (2011, November). *A comparison of the managerial derailment tendencies of managers from Latin America and the United States*. Paper presented at the Southern Management Association, Savannah, GA.

[8] Bunker, K. A., Kram, K. E., & Ting, S. (2002). The young and the clueless. *Harvard Business Review, 80*, 80–87; Lombardo, M. M., & McCauley, C. D. (1988). *The dynamics of management derailment*. (Tech. Rep. No. 34). Greensboro, NC: Center for Creative Leadership.

[9] To compare the size of the discrepancies between *self* and *other* perceptions of performance, we merged all of the derailment factors into one to create an overall "derailment" variable. We then compared the rating discrepancies between the Latin American managers and the US managers.

[10] House, R. J., Hanges, P. J., Javidan, M., Dorfman, P. W., & Gupta, V. (Eds.). (2004). *Culture, leadership, and organizations: The GLOBE study of 62 societies*. Thousand Oaks, CA: Sage Publications.

[11] Javidan, M. (2004). Performance orientation. In R. J. House, P. J. Hanges, M. Javidan, P. W. Dorfman, & V. Gupta (Eds.), *Culture, leadership, and organizations: The GLOBE study of 62 societies* (pp. 239–281). Thousand Oaks, CA: Sage Publications.

[12] Javidan, M., House, R. J., & Dorfman, P. W. 2004. A nontechnical summary of GLOBE findings. In R. J. House, P. J. Hanges, M. Javidan, P. W. Dorfman, & V. Gupta (Eds.), *Culture, leadership, and organizations: The GLOBE study of 62 societies* (pp. 29–50). Thousand Oaks, CA: Sage Publications.

[13] Ashkanasy, N., Gupta, V., Mayfield, M., & Trevor-Roberts, E. (2004). Future Orientation. In R. J. House, P. J. Hanges, M. Javidan, P. W. Dorfman, & V. Gupta (Eds.), *Culture, Leadership, and Organizations: The GLOBE Study of 62 Societies* (pp. 395–436). Thousand Oaks, CA: Sage Publications.

[14] Dinwoodie, D. L. (2005). Oportunidades de negocio entre América Latina y Europa. Encontro de Emprendadores, Barcelona, Spain, June, 2005; Dinwoodie, D. L. (2007). Un nuevo modelo de Liderazgo: Lideramos personas o queremos personas líderes? *Jornada Empresas Asociadas EADA*, Collbató, Spain, March 28, 2007.

[15] Lombardo, M. M., Ruderman, M. N., & McCauley, C. D. (1988). Explanations of success and derailment in upper-level management positions. *Journal of Business and Psychology, 2*(3), 199–216.

[16] Carl, D., Gupta, V., Javidan, M. (2004). Power Distance. In R. J. House, P. J. Hanges, M. Javidan, P. W. Dorfman, & V. Gupta (Eds.), *Culture, leadership, and organizations: The GLOBE study of 62 societies* (pp. 29–50). Thousand Oaks, CA: Sage Publications.

[17] Romero, E.J. (2004). Latin American leadership: Et Patron & El Lider Moderno. *Cross Cultural Management: An International Journal, 11*(3), 5–37.

[18] Lombardo, M. M., & Eichinger, R. W. (2009). *FYI: For Your Improvement* (5th ed.). Minneapolis, MN: Lominger Limited Inc.

[19] Van Velsor, E., Moxley, R. S., & Bunker, K. A. 2004. The leader development process. In C. McCauley & E. Van Velsor (Eds.), *The Center for Creative Leadership handbook of leadership development*, 2nd ed. (pp. 204–233). San Francisco: Jossey-Bass and Center for Creative Leadership; Baillie, S. (2004). Know thyself. *Profit, 23*, 107–108; McCarthy, A. M., & Garavan, T. N. (1999). Developing self-awareness in the managerial career development process: The value of 360-degree feedback and the MBTI. *Journal of European Industrial Training, 23*, 437–445; Loo, R. (2002). Journaling: A learning tool for project management training and teambuilding. *Project Management Journal, 33*, 61–66.

[20] Santana, L. (2011). *Mixed methodology study of multi-year leadership development Initiative's impact within a Latin American financial institution*. Greensboro, NC: Center for Creative Leadership.

[21] Martin, A. (2007). *The changing nature of leadership*. Greensboro, NC: Center for Creative Leadership.

About the Authors

Sarah Stawiski, PhD, is a senior research associate at the Center for Creative Leadership (CCL®) in San Diego, CA. Sarah's work focuses on evaluating the impact of leadership development programs and understanding individual and organizational factors that influence workplace attitudes and behaviors. Other interests include small-group processes, ethical decision making, and corporate social responsibility. Before coming to CCL, Sarah worked for Press Ganey Associates, a healthcare quality-improvement firm. She holds a BA in psychology from the University of California, San Diego, and an MA and PhD in applied social psychology from Loyola University Chicago.

William A. (Bill) Gentry, PhD, is a senior research scientist and coordinator of internships and postdocs in research, innovation, & product development at CCL in Greensboro, NC. He also trains the Assessment Certification Workshop and Maximizing Your Leadership Potential programs at CCL and has been an adjunct professor at several colleges and universities. In applying his research into practice, Bill's current focus is on helping leaders who are managing for the first time in their lives. Bill has more than 70 academic presentations, has been featured in more than 50 Internet and newspaper outlets, and has published more than 40 peer-reviewed articles on leadership and organizational psychology including the areas of first-time management, multisource (360) research, survey development and analysis, leadership and leadership development across cultures, leader character and integrity, mentoring, managerial derailment, multilevel measurement, and in the area of organizational politics and political skill in the workplace. He also studies nonverbal behavior and its application to effective leadership and communication, particularly in political debates. Bill holds a BA degree in psychology and political science from Emory University and an MS and PhD in industrial-organizational psychology from the University of Georgia. Bill frequently posts written and video blogs about his research in leadership (usually connecting it with sports, music, and pop culture) on CCL's Leading Effectively blog.

Laura Santana is a senior faculty member with CCL. She brings international experience to her work with key global clients to assess needs, design, and deliver customized initiatives. Informed by 18 years of living abroad with expatriate management assignments, Laura facilitates client engagements focused on women's leadership, teamwork, and individual development in Spanish, French, and English. As a researcher and speaker, Laura is a regular presenter at international conferences; she has authored work for CCL publications and served as the elected 2011 Chair of the International Leadership Association (ILA) Leadership Development Group. Laura earned her PhD from Antioch's Leadership and Change PhD Program, a BA in psychology from the University of California, Irvine, and an MS in management/organizational development from the US International University, Mexico City.

Dr. David L. Dinwoodie is CCL's global director, individual and team leadership solutions, a role in which he is responsible for CCL's global portfolio of programs, products, and services in the Open-Enrollment, Custom, Coaching and Assessment Services lines of business. He is a coauthor of *Becoming a Strategic Leader: Your Role in Your Organization's Enduring Success*, and a research associate on the Leadership Across Differences project. He holds a master of international management from the Thunderbird School of Global Management and earned an MBA from ESADE Business School in Barcelona. His doctoral degree is from Aston University (UK) in the area of organizational and work group psychology. Before joining CCL, he held management positions with pan-European and global responsibilities at Ernst & Young, BICC General Cable, Planeta de Agostini, Bristol-Myers Squibb, and EADA Business School. He also taught courses in strategic management, change management, and leadership development at institutions such as ESADE Business School (Spain), EADA Business School (Spain), Centrum Business School (Peru) and Universidad de Rosario (Colombia).

To learn more about this topic or the Center for Creative Leadership's programs and products, please contact our Client Services team in Greensboro, NC.

+1 800 780 1031   +1 336 545 2810   info@ccl.org

The Center for Creative Leadership (CCL®) is a top-ranked, global provider of leadership development. By leveraging the power of leadership to drive results that matter most to clients, CCL transforms individual leaders, teams, organizations and society. Our array of cutting-edge solutions is steeped in extensive research and experience gained from working with hundreds of thousands of leaders at all levels. Ranked among the world's Top 5 providers of executive education by the *Financial Times* and in the Top 10 by *Bloomberg Businessweek*, CCL has offices in Greensboro, NC; Colorado Springs, CO; San Diego, CA; Brussels, Belgium; Moscow, Russia; Addis Ababa, Ethiopia; Johannesburg, South Africa; Singapore; Gurgaon, India; and Shanghai, China.

CCL - Americas

www.ccl.org
+1 800 780 1031 (US or Canada)
+1 336 545 2810 (Worldwide)
info@ccl.org

Greensboro, North Carolina
+1 336 545 2810

Colorado Springs, Colorado
+1 719 633 3891

San Diego, California
+1 858 638 8000

CCL - Europe, Middle East, Africa

www.ccl.org/emea

Brussels, Belgium
+32 (0) 2 679 09 10
ccl.emea@ccl.org

Addis Ababa, Ethiopia
+251 118 957086
LBB.Africa@ccl.org

Johannesburg, South Africa
+27 (11) 783 4963
southafrica.office@ccl.org

Moscow, Russia
+7 495 662 31 39
ccl.cis@ccl.org

CCL - Asia Pacific

www.ccl.org/apac

Singapore
+65 6854 6000
ccl.apac@ccl.org

Gurgaon, India
+91 124 676 9200
cclindia@ccl.org

Shanghai, China
+86 21 5168 8002, ext. 801
ccl.china@ccl.org

Affiliate Locations: Seattle, Washington • Seoul, Korea • College Park, Maryland • Ottawa, Ontario, Canada
Ft. Belvoir, Virginia • Kettering, Ohio • Huntsville, Alabama • San Diego, California • St. Petersburg, Florida
Peoria, Illinois • Omaha, Nebraska • Minato-ku, Tokyo, Japan • Mt. Eliza, Victoria, Australia