

What characterizes high performance leadership in a product development context?

Course paper in Frontiers in Leadership Research VT-10

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Purpose

The purpose of this paper is to review the course literature and relate it to some of the literature related to my own research. My research involves how performance can be evaluated in product development. Throughout this course there have been several positions taken and discussions about what leadership is and how it should be defined. Despite the debate of how to define leadership there seems to be a consensus of the importance of a high performing leadership function within an organization. This paper aims at investigating what characterizes high performance leadership in a product development context?

Introduction

The word leadership did not occur in the English language until around the year 1800, and it took a bit more than one hundred years before it became a research topic (Gordon 2001). Since then there has been an extensive amount of literature written related to leadership research. I did a quick search at Google scholar (2010-04-20) with the word leadership resulting in 1 710 000 hits. When Grint (2005) reviewed the articles on the front page of the *Guardian* 22nd of April 2004, three out of four articles were in some way related to leadership. Leadership is a versatile term used in different ways, sometimes to describe the role of one or several individuals e.g. project leadership, or for a product in terms of product leadership or an organization in terms of market leadership. Then there is the continuous discussion whether there are similarities or not between leadership and management. Hughes et al. (2002) suggests that words like efficiency, planning, paperwork, procedures, regulations, control, and consistency come to mind when thinking about management. While leadership is often associated with words like risk taking, dynamic, creativity, change and vision. In this perspective the statement by Bennis, in (Jackson and Parry 2008), that managers do things right while leaders do the right thing comes to mind.

Similar to leadership, the word performance is commonly used without really defining what is meant. When performance is discussed it is often in terms of effectiveness and efficiency, and they are in turn often interpreted in several different ways. With this in mind the question what characterizes high performance leadership, even more interesting. In practice only 8 percent of the Fortune 1000 executives rated their leadership capacity as excellent, while 47 percent rated their leadership capacity as fair to poor (Hughes, Ginnett et al. 2002). One important first step in improving something is to know what you are aiming for; hence it is important to improve the understanding of what characterizes high performance leadership.

When there are no commonly agreed definitions of for example performance, but there are ways of measuring some dimensions or parts of it. There is a risk that the role of measurements makes the measurement important themselves; rather than focusing on what is important to measure, focus is on what is measurable. This is not an ideal situation since an effective performance measurement system needs to iteratively deal with both performance criteria and then performance measures (Gharajedaghi 2006), as shown in Figure 1.

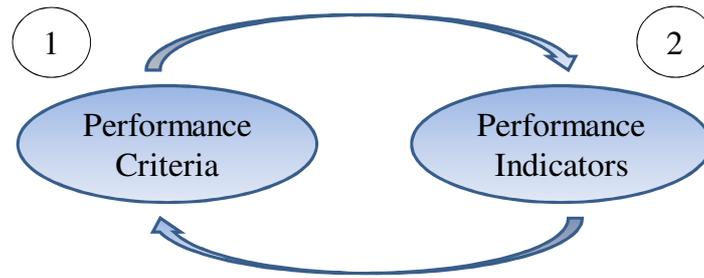


Figure 1. An effective performance measurement system needs to be based on the performance criteria and derive relevant performance indicators based on the selected criteria.

Research Approach

My own background as an engineer makes it natural to view research in a positivistic thinking. It is often very different compared to the thinking within psychology or sociology that makes up major parts of the leadership literature. As an engineer you are looking for solutions for a given problem. In this paper however I acknowledge the arguments stated by Thomas (2006) that language is indeed fundamental to any form of investigative enterprise. In order to even begin to understand the difficulties in any complex human activity, we must first grasp the language and approach of the individuals who pursue it (Kerlinger 1986).

This paper is written as part of the examination in the graduate course Frontiers in leadership research spring 2010. The main literature used in this paper was identified in the suggested readings for this course. To complement the course literature a search on Google scholar with the key words: Leadership, product development, and performance.

There are several limitations in this paper. It should be seen as a brief introduction to what characterizes high performance leadership in a product development context. More specific limitations in the paper is that the large amount of surveys and questioners aimed a measuring leadership performance have not been included in this paper for limitation reasons. Also this paper has not investigated different roles like project managers, senior managers or team leaders. The findings presented in this paper are more on a general level unless specified otherwise. After all this is course paper, not the result of collected empirical data.

Findings from the literature

This section begins with brief presentation of how performance and leadership have been defined in the literature. This is followed by sections on success factors for high performance, performance and leadership, and performance in product development.

Defining leadership

In the literature there is a continuous discussion about how leadership may be defined. As stated by Yukl (2006) there seems to be one definition for every author. However, some

authors e.g. Alvesson and Sveningsson (2003) doubt that a common definition of leadership is practically possible. They also argue that such a definition would not be very helpful and may even obstruct new ideas and interesting ways of thinking. Peter Drucker (2008) describes leadership as lifting a person's vision to higher sights, the raising of a person's performance to a higher standard, the building of a personality beyond its normal limitations. Grint (2005) argues that there are four major alternatives of how to view leadership:

- Leadership as person i.e. is it who leaders are that makes them leaders?
- Leadership as result i.e. is it what leaders achieve that makes them leaders?
- Leadership a process i.e. is it how leaders get things done that makes them leaders?
- Leadership position i.e. is it where leaders operate that makes them leaders?

Grint (2005) further argues that these four alternative views may explain why we have so much trouble explaining and understanding leadership. Northouse (2010) similarly argues based on a review of various definitions of leadership that there are some common components in leadership: leadership is a process, leadership involves influence, leadership occurs in groups, and leadership involves common goals. Leadership as a process implies that a leader affects and is affected by followers. These common components of leadership stress that leadership is not a linear one-way event, but rather an interactive event. Without any followers there can be no leaders. Or as Grint (2005) puts it, leader-'ship' is necessarily a relational not a possessive phenomenon.

Defining performance

The term performance is commonly used but seldom defined (Neely, Gregory et al. 2005). The literature on performance is characterized by a lack of and inconsistency in definitions of terms, which have hindered its development (O'Donnell and Duffy 2002). There are myriads of papers on performance management. Probably the main reason for this unsatisfactory situation is the highly interdisciplinary nature of performance management research, involving many fields of varying states of maturity and methodological practice (Ermolayev and Matzke 2007).

Performance the definition of performance is discussed it is often translated into effectiveness and efficiency (Johnsson 2008). Sink and Tuttle (1989) describe effectiveness as doing the right things at the right time, with the right quality. Efficiency is similarly described as doing things right, often expressed as a ratio between resources expected to be consumed and resources actually consumed. Neely et al., (2005) argue that effectiveness refers to the extent to which customer requirements are being met, while efficiency is a measure of how economically a firm's resources are being used, providing a given level of customer satisfaction. In order to reason about performance in a more concrete way, O'Donnell and Duffy (2002) propose to use the IDEF0 framework of an activity (Colquhoun, Baines et al. 1993), presented in Figure 2, to define efficiency and effectiveness. An activity uses resources to transform input to output under the directions of a goal.

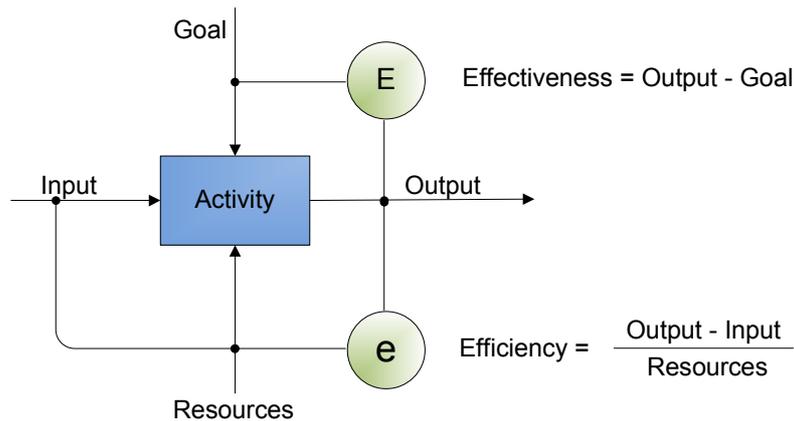


Figure 2. Efficiency and effectiveness of an activity, based on the IDEF0 framework (O'Donnell and Duffy 2002).

In general, effectiveness is related to the attainment of objectives or goals and efficiency is seen to relate to the use of resources (O'Donnell and Duffy 2002). Efficiency is often expressed as a ratio, hence often simpler to measure than effectiveness, whether it is based on time, money or any other dimension.

In contrast, the etymology and the standard dictionary definitions of performance suggest that the term performance is derived from the root concept for intentional action (Ermolayev and Matzke 2007). Therefore, Ermolayev and Matzke arrive at the following definition of performance: Performance is intentional action. This definition of performance is valid under all circumstances and for all context-specific situations. However, all other performance-related concepts have to be defined as specialization of this root concept. This is of central importance as the performance of something is always context based. Also, not all actions are intentional. The notion of intentional action can be contrasted with accidental as well as with unintentional action. This may be difficult to separate in a measurement system where the focus of ten is turned to the output or the outcome of an activity.

Success factors for high performance

Tang et al. (2005) claim to have identified a distinct set of success factors for product development that are statistically accurate predictors of the outcomes of profit, market share, customer satisfaction, organizational effectiveness, and product quality, specific to the product. These include the following: Leadership, Organizational culture, Human resources, Information, Product strategy, Project execution, Project execution, Product delivery, and Result. Leadership in their study involve key characteristics of the project leader, power delegated, and whether there is clear strategic direction for the project. Also related to leadership was if there is a visible strong senior management present in the organization.

In a thorough review of critical success factors by Ernst (2002) the following categorization was argued for: Customer integration, Organization, Culture, Role and commitment of senior management and Strategy. Further, Bessant and Tid (2007) argue for the following success factors in product innovation: Market knowledge, Clear product definition, Product advantage, Project organization, Top management support, Risk assessment, Proficiency in execution, and

Project resources. Product advantage involves product superiority in the eyes of the customer e.g., delivering unique benefits to the user and a high performance-to-cost ratio. Market knowledge, i.e. customer and user needs assessment and understanding, is critical. A clear product definition, defining target markets, clear concept definition and benefits to be delivered, must be assembled before the development activities begin. Holistic risk assessment including market based, technological, manufacturing and design sources must be built into the business and feasibility studies. The use of cross-functional multidisciplinary teams carrying responsibilities is important within the Project organization from beginning to the end. Project resources include financing, human skills, and material resources; the firm must possess the right skills to manage and develop the new product. Proficiency in execution includes all the activities of the product innovation process. Top management support is important through the complete product innovation process from concept to launch.

Performance and leadership

When leadership performance is discussed in the literature it is primarily in terms of effectiveness. However, Yukl (2006) argues, in line with the definitions of leadership, definitions of leadership effectiveness differ from one author to another. The conception of leadership effectiveness is affected by a researcher's explicit or implicit conception of leadership. Jackson and Perry (2008) argue that effective leadership promotes confidence, integrity, connection, resilience and aspiration. Confidence creates the essential of self-worth and self-efficacy that is needed to put oneself forward to lead and sustain oneself in a leadership role. Integrity helps leaders to be consistent and allows them to be clear about what they stand for and believe in. Connection is the ability to translate those values through a genuine and authentic link with followers; it is much more than communication, which is often the first choice whenever groups are asked to name what they believe to be the most important quality for a leader to possess. Resilience is the ability to withstand emotional and psychological stress, setbacks and conflict. Jackson and Perry (2008) conclude that aspiration is at the top of the list of what an effective leader must possess. If you do not aspire to change something and you do not have a good reason for changing it you cannot and should not lead.

The contingency model of leadership effectiveness model predicts that two main factors determine leaders effectiveness: a task or relationship style (motivational orientation), which is a leader's attribute, and leaders situational favorability (situational control) (Yammarino, Dionne et al. 2005). In brief, leaders who have a task motivational orientation compared to those who have a relationship orientation are predicted to be more successful in certain contexts and the other way around.

Due to the large number of specific behaviors identified in leadership research makes it difficult to integrate result across studies. A three dimensional taxonomy separating task-oriented, relation-oriented and change oriented behavior (Yukl 2006). Task-oriented behavior is primarily concerned with accomplishing the task in an efficient and reliable way. Relation-oriented behavior is primarily concerned with increasing mutual trust, cooperation, job satisfaction, and identification with the organization. Change-oriented behavior is primarily

concerned with understanding the environment, finding innovative ways to adapt to it, and implementation of major changes in strategies, products or processes.

Moreover, when leadership performance is discussed it is primarily in the form of how it can be evaluated. One common way of evaluating the effectiveness perspective is in terms of the consequences of the leader's actions for followers and other stakeholders in the organization (Yukl 2006):

- Performance and growth of the leaders group or organization
- Preparedness to deal with challenges or crisis
- Followers satisfaction with the leader
- Followers commitment to the group objectives
- The psychological well being and development of followers
- The leader's retention of high status in the group
- The leader's advancement to higher positions of authority in the organization.

There is no simple answer to the question of how to evaluate leadership effectiveness (Yukl 2006). The selection of appropriate performance criteria depends on the objectives and values of the persons making the evaluation, and people have different values. Top management may prefer different criteria than other employees. However, Yukle (2006) concludes that the most commonly used measure of leadership effectiveness is the extent to which the leader's organizational unit performs its tasks successfully and attains its goals. Typical examples of such measures include net profits, profit margins, sales increase, return of investment, productivity, cost per unit of output, and cost in relation to budget expenditures. In Figure 3 is a typical assumption of how leadership activities such as an inspiring vision together with training and coaching contribute to unit profit.

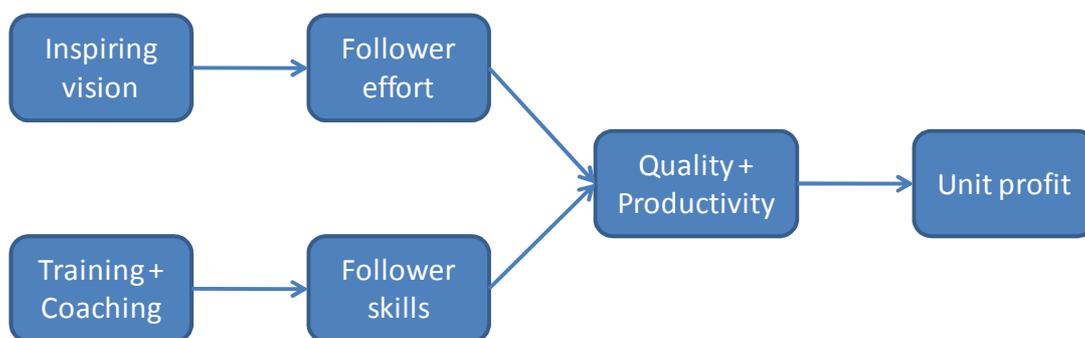


Figure 3. Causal chain of effects from two types of leadership behavior inspiring vision, and training plus coaching.

Important success factors for effective teams

Sy, Cote et al. (2005) found that when leaders were in a positive mood, in comparison to a negative mood, individual group members experienced more positive and less negative mood, and groups had a more positive and a less negative affective tone. The same authors also argue that groups with leaders in a positive mood exhibited more coordination and expended

less effort than did groups with leaders in a negative mood. In another study twenty-three effective group leaders were interviewed in depth about what they believe is important in leading groups (Galanes 2003). Five themes emerged from this study:

- Establishing the intention for the overall project
- Building the team and developing a positive group culture
- Monitoring and managing the team's interaction
- Managing the group's task and keeping the group focused
- Communication behaviors and personal characteristics of the leader

Effective group leaders take group leadership seriously and work at improving their performance and exhibit self-monitoring and adaptive behaviors. Wheelan (2010) in her studies related to effective teams argue that for the following factors as important part of creating effective teams:

- Clearly define the organization's mission
- Support innovation
- Expect success
- Value superior quality and service
- Pay attention to detail
- Value team recommendations
- Set clear expectations for group output, quality, timing, and pacing
- Reward teamwork rather than individual performance

A clearly defined goal or mission may seem obvious but it is often not the case in practice. Supporting innovation is primarily in terms of how the team should work and be open for new ways of solving issues in a more productive way. Expecting success is important in order to have the group putting in their best effort in order to achieve the defined mission. Superior quality and service is important to value by the leader because it is not always seen in e.g. the formal performance evaluation system. To pay attention to details relates to having a clearly defined mission but at a more operational level. Moreover, to value team recommendations are important in order to support innovation, and success is diminished by not doing it. If the group is given realistic guidelines and goals for what members are expected to produce and by when, the chances of success are much higher. Wheelan (2010) conclude by emphasizing the importance to reward teamwork rather than individual performance but at the same time also acknowledging that it is one of the challenges for an organization in order to set up effective workgroups.

Concluding discussion

This paper aimed at investigating what characterizes high performance leadership in a product development context. As illustrated in this paper there is a large amount of literature available but clear definitions of what is meant by different researchers are not always easy to understand. The expression that it is difficult to see the forest because of all the trees comes to mind. Alvesson and Sveningsson (2003) doubt that a common definition of leadership is

practically possible and that such a definition would not be very helpful. I partly support this statement but disagree with it at the same time. I argue that it is important to take a contingency approach and define leadership according to the context under study, since the context plays an important role. Research would benefit if the clarity of the term leadership is improved and be more explicit when it comes to how the word leadership is used in their research. A statements that factor A and B has a positive effect on a high performance leadership has limited value if the terms performance and leadership are made explicit. In terms of the different components, presented by Northouse (2010), of leadership as a process, influence, something that occurs in groups, and common goals. Hence, it is important to be more explicit and stress what components that are meant in a particular study.

In this paper the notion of high performance in leadership is discussed in the context of product development activities. There is a consensus in the literature of managing product development that leadership plays an important part in a successful product development organization. However, the literature end up short on telling what high performing leadership is all about. Various meanings of the word leadership is used e.g. Tang et al. (2005) use the term leadership to cover key characteristics of the project leader, power delegated, whether there is clear strategic direction for the project, and if a visible strong senior management present in the organization. While Grint (2005) stress that leadership is necessarily a relational not a possessive phenomenon. This may be the result of researchers with various functional backgrounds; Grint is a professor in leadership at Lancaster Management School, while Tang is a researcher at MIT with a background in systems engineering.

Moreover, Drucker (2008) argues that management cannot create high performing leaders. This relates to the difficulties of hiring effective leaders. As Gary Larsson stated during his lecture, it is much easier to predict that one person will not be successful, compared to predicting that one person will be successful. Management can only create the conditions for under which potential leadership qualities become effective. One such important factor in product development is senior management support. The statement by Bennis, in (Jackson and Parry 2008), that manager do things right while leaders do the right thing comes, may imply that leadership is related to the effectiveness aspects, while management are responsible for the efficiency part of performance in an organization.

The three dimensional taxonomy outlined by Yukl (2006) include task-oriented, relation-oriented and change oriented behavior. By analyzing these behaviors with the effectiveness and efficiency dimensions of an activity, as presented in Figure 4, it is primarily the task-oriented behavior that comes to mind. For task-oriented behavior it may be beneficial to reason about the difference between efficiency and effectiveness. The change-oriented and relation-oriented behaviors may instead be viewed as perspectives that may enable high efficiency and effectiveness of the task-oriented behavior and thus effective leadership.

One of the conclusions from this paper is that a high performance leadership is context dependent for several reasons. As argued by Ermolayev and Matzke (2007) performance is context dependent in itself. Also leadership is argued to be context dependent. One clear perspective on that is that one leader that is highly successful in one setting may be

dysfunctional in another context. When it comes to evaluating performance there is a tendency to focus on products as the primary criteria for effective leadership: since X achieved a 200 per cent increase in profits, or led the team to victory, they must be successful leaders (Grint 2005). However, the idea that we can trace results back to individuals is deeply controversial in the literature. For example sociologically inclined authors such as Alvesson and Sveningsson (2003) often deny that validity of such measures. In practice however it is an easy way of evaluating performance, after all it is the bottom line that matters in the end.

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