Risks of Results Oriented Leadership: A Perspective in Need of a Re-evaluation

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Abstract

The extant and dominant theory of results-oriented leadership has been challenged and severely criticised in recent times, in both academic and popular culture, due to several cases of organisational misconduct. We cite and discuss two cases of misconduct, one in academia and the other in microfinance to support our assertion. We also submit that the antidote to these risks is to adopt a process-oriented leadership style. To this end, we offer some forward looking recommendations that can be adopted by leaders to get better and quality outcomes in the future. Implications for leadership development programs are discussed.

Key Words: *Result oriented leadership, dark side of leadership, process oriented leadership, leadership development*

Introduction

To discuss something as serious as 'Risk', let us begin on a lighter note. A man was walking on the road. Suddenly he saw Yamaraj standing in front of him. The man was frightened. Yamaraj looked at him and in a reassuring tone said, "You have another 50 years of life so go and enjoy, nothing will happen to you for the next 50 years". The man drove a car very recklessly, met with an accident immediately and passed away. On the way to heaven he saw Yamaraj smiling mischievously. He asked Yamaraj, why did you lie to me? Yamaraj said, "Sorry son, don't you know it is the month of March and it is appraisal time. I have to meet my targets." We now want to impress upon our readers that the risks of results oriented leadership are for real, we are not joking.

Results oriented leadership: A recap

Leadership theory has progressed along multiple lines of inquiry in the last fifty odd years. We outline four prominent ones here. First is the study of leadership style of the individual as a manifestation of personality related variables, i.e. understanding whether it is a trait, state or something external to the individual (Antonakis, Day & Schyns, 2012). Second, study of leadership as a function of situations in the environment and the consequent dynamicity of style within the individual corresponding to changing environments (Vroom & Jago, 2007). The third stream studies leadership as a collective process and other alternate variants such as 'shared' or 'distributed' leadership (Cullen-Lester & Yammarino, 2016). Finally, we have the perspective of leadership as a multi-level phenomenon within the organization. It is this last view, contributed and developed by Yammarino and co-authors (2001) that we subscribe to, in this article. What follows is that, we endeavour to understand how particular kinds of environmental stimuli (read culture) within the organisation shapes the leadership orientations of employees across the hierarchy. We advance the proposition that if one of these stimuli happens to be a profit maximisation based culture; then what ensues is a results oriented leadership style within the organisation and in turn, this leads to several consequences that are detrimental to the long run continuity of the business.

What results-oriented leadership essentially implies is that results or 'outcomes' are not just privileged criteria in determining performance of employees across levels, but are the sole focus for the organisation, at the cost of all the other four facets, and especially, the facet of 'process'. Bazerman (2014, p 33) observed, "Leaders often fail to notice when they are obsessed by other Issues, when they are motivated to not notice, and when there are other people in their environment working hard to keep them from noticing." Numbers-driven managers often end up producing reams of low-quality data (Likierman, 2009, p 99). If an organisation's culture hinges itself on such a lopsided view of leadership, then consequences can be quite unpleasant. There are several cases in contemporary times which support this assertion. We take up two cases in particular.

The case of Research Misconduct

One case of scientific misconduct (Harvard Magazine), among many others, that gained considerable media attention was that of Marc Hauser's, in 2010. Hauser was a psychologist at Harvard, researching the comparative evolution of cognition and language in monkeys and humans. Between, 2002 and 2007, he published a series of articles in some of the most renowned journals in the subject, with false data, false reportage of analysis and results and false method descriptions. After all these malpractices came to the fore following an ethics inquiry by the department, Hauser had to resign from his position and incur much professional discrediting. He later confessed, "I tried to do too much, teaching courses, running a large lab of students, sitting on several editorial boards, directing the Mind, Brain & Behavior Program at Harvard, conducting multiple research collaborations, and writing for the general public. I let important details get away from my control to achieve those numbers."

In a recent, densely anecdotal and informative article, Herndon (2016) lists out almost the entire range of malpractices that have emerged in academic research owing to the 'publish or perish' policy being adopted at several top institutions. The pressure to publish as a pre-condition to retention or promotion opportunities have led to an explosion of quantity or the numbers of research papers published, at the expense of quality. To cater to this demand, several unscrupulous publication houses have mushroomed which will print anything for a fee. Newly hired and seasoned academicians both, in a bid to maximise quantity, sometimes use the same dataset to generate multiple papers or worse still, manipulate the data if the results of the research are not favourable and there is apprehension of being rejected by editors. Distribution of authorship among multiple authors without commensurate contribution or roping in a foreign author, based on the latter's familiarity with the editorial board, are some other malpractices that are being adopted. Bazerman's (2014) observations in this regard merit attention. He quips, "*How did we get to this state of affairs in social science research? To start with, in recent years academia has become more competitive. Quite simply, today it is much harder to obtain a prestigious university position than it was thirty years ago, when I was a junior faculty member. The quantity of publications produced by the top new PhDs on the job market is astonishing. In addition, scholars at the top universities have the best chance of receiving media attention, large speaking fees, and rich book contracts, so the stakes of winning coveted position are high.*" All this calls for a serious look at whether scientific progression is being served or not.

The Micro-finance debacle

Micro-finance is a financial intermediary service between regular banking operations and the marginal and underserved population. Initially, it was hailed as a harbinger of financial inclusion for the global south, but there were several anomalies to come to the fore, later on. Microfinance has been referred to as a very operations-intensive business, which translates into the concern that the scope for human error and/or manipulation of processes is quite high. Given this scenario, the kind of leadership that is prevalent in such an institution, can have deep consequences with a ripple effect across the system i.e. it can also affect the end users or customers of the service.

There have been several adverse reports of many micro-finance companies and their executives indulging in profiteering oriented malpractices that have only made poverty worse, in many states of the developing world. In India, some companies have been known to charge upto 200 percent per annum interest on loans given to the poor. Many times, this was done in lieu of improper or inadequate documentation being provided by the borrowers. When the borrowers were unable to service these on time, extortion and shaming practices conducted by companies drove many to commit suicide. In the specific case of SKS Microfinance, unreasonable expectations and skewed management philosophy also lead to counter-productive behaviour and deviance at the workplace., there was employee embezzlement to the tune of 15.8 crore Rupees (Bandyopadhyay & Unnikrishnan, 2013), made possible owing to the fact that all transactions with customers are on cash basis. It was also reported that both authorised and unauthorised commission agents had extorted customers on the assurance of getting them loans. The Micro-finance institutions (MFI) bill of 2012, by the Andhra Pradesh government forced SKS to expunge it's operations and withdraw from the state, which was once the leading state in financial inclusion.

Remedies

It is obvious that there is a need for re-evaluating leadership within the organisational set-up. This in turn means that the criteria of judging and rewarding appropriate behaviors and performances must be re-looked at. The organisation must re-orient itself to look at long-term sustainability rather than short-term outcomes. In order to achieve this, we recommend a three pronged approach, consisting of: (1) Best Practice culture, (2) Compliance as a criterion in employee performance management, and (3) Risk based audit.

Best Practice Culture

Organisations must consider benchmarking themselves against the best practices in their sector and ensure that this culture and awareness percolates down to every employee. From the individual employee's perspective, this will bring two outcomes. First, knowing that one's organisation is classified among the best in their industry will lead to enhanced identification with the organisation and pride. Second, this pride might translate into employee engagement and several pro-organisational behaviors in turn. Essentially, a best practice culture has been shown to have several far reaching and previously un-anticipated spill-over effects, across the board, in terms of employee outcomes.

The idea of the best practice culture can perhaps be best understood in the context of the recently promulgated Corporate Social Responsibility Act, 2013. This act was a formal bid by the government to bring in private companies into the fold for sharing the responsibilities of social welfare by mandating a 2% contribution of their net profit to this end. The fact remains however, that most public sector companies in the infrastructure building sectors such as SAIL (Steel Authority of India Limited), OIC (Oil India Corporation), CIL (Coal India Limited) etc. have been making substantial investments in the socio-economic upliftment of the backward regions in which they operate, for several decades now. These 'Maharatna' and 'Navratna' companies were already setting benchmarks long before their private sector counterparts were made aware of it. These companies not only generated both direct and feeder jobs in these remote regions, but also set up full scale townships with extensive amenities such as schools and hospitals, to benefit their own employees as well as the local populace, across the social strata. Among the few private sector companies that might be appreciated for taking a best practice stance in this regard, the Tata Iron and Steel Company (TISCO) deserves a special mention.

Compliance as a criterion in employee performance management

The idea of a 'best practice' culture need not stay just at the principle level but can be advanced further into concrete performance appraisal criteria for employees. Compliance with process fidelity might be considered as one of the items to be evaluated alongside such things as 'delivery time' and/or 'relationship building', for instance, among others. Moreover, it might be integrated in a seamless manner by breaking it up into parts overlapping with other requirements rather than just being a sore 'box to click' kind of obligation. An illustration might be a mandatory 'compliance' certification on one hand, and also including 'compliance orientation' of the employee as a question to be asked from various stakeholders during the 360 degree feedback process.

An illustration of this afore-mentioned suggestion is visible in the information technology (IT) industry. In this sector, maintaining privacy of data shared by clients is of utmost importance for the vendor IT organisation. To encourage employees to be ethical custodians of this sensitive and confidential data, the organisation encourages them to take IT security and quality certifications, such as Six Sigma, CISA (Certified Information System Auditor; i.e. certifications from the international apex body in this area: Information Systems Audit and Control Association, ISACA) etc, the costs of which are re-imbursed. This is beneficial from the employee's perspective as well because the latter's resume is strengthened and future potential for landing such projects is augmented. An extant instrument that can be put to good use and thus deserves mention here is the Balanced Scorecard approach by Kaplan and Morton (1992). It is a technique that can be applied for quantification and measurement of performance at any level or of any function within an organisation by taking stock of indicators across five sets of parameters. These parameters are the customer perspective, employee perspective, internal process, financial perspective and societal perspective. Compliance is something that can be integrated into the employee perspective for a particular department. Meyer (2003) offers an excellent guide for practitioners on how this kind of integration can be achieved and implemented.

Risk based audit

Process audits must be integral to 'cleaning house' in every organisation on a regular basis. A good example is the banking industry. This sector has served itself well by constituting and adopting a rigorous set of self-regulatory measures, across the board, in the form of the Basel accords. While risk management has been prevalent in other sectors as well such as project engineering and healthcare to some extent; the Basel committee's contribution as applicable in the banking sector was devising a very thorough and rigorous version of risk weighting all possible documented risks of the banking process. It was a mammoth exercise in terms of compiling all these risks under three categories: credit, market and operational risks and recommending appropriate procedures, frequencies and statistical processes for quantifying each. The final step, after quantification, is asking banks to pre-emptively allocate a portion of their capital for covering these risks, should they occur. Central banks in the entire developed world and large parts of the developing world have actively implemented this system to better protect their economies against banking failures.

In a more localised regulatory context within the banking sector, most countries also have a banking ombudsman structure in place. This is the central bank's way of pulling up a bank in case a grievance is filed by the public or by a private citizen. The insurance industry has time and again tried to come up with similar measures for actuarial organisations, in the form of both internal and external mechanisms; although the jury is still out on their effectiveness. One reason is the inherent complexity of the actuarial products which demand that process-oriented leaders must necessarily be extremely proficient in product and process knowledge if they must effect changes in the result oriented culture.

In government organisations, this idea pf public audit and public scrutiny has been operationalised by the Right to Information (RTI) Act of 2005. One must however bear in mind that external audits are a post-hoc measure only and do little to prevent a decline in organisational health. What must be the focus for the organisation instead are pro-active, internal checks and balances to deter any negative outcomes in the first place.

Essentially what the above three measures imply is that, there is a need to move away from the results-oriented leadership style to a **Process-oriented leadership style.** This entails incorporating several changes across levels from the organisational culture to HR practices in terms of the performance appraisal process and from coaching leaders to cultivate a different quality of relationship with their followers to ensuring that auditing mechanisms are augmented and made robust. We succinctly capture these differences in the two diametrically opposite leadership styles in figure 1 as given below.

Figure 1: What does going from a Results-oriented leadership style to a Process-oriented leadership style mean

Recommended Shift in style across levels

	Results-orinted leadership	Process-orinted Leadership
Over-arching Organizational culture:	Profit maximisation	Value maxinization (i.e. Best practice Culture)
Prevailing Temporal outlook within organization:	Short term profits	Long term sustainability
Leader/manager/supervisor's monitoring style:	Efficiency based	Effectiveness based
Leader vis-'a'vis follower relationship quality	Transactional in nature. Leader is primarily concerned with revenues earned by follwers as per targets set.	Relational in nature. Leader monitors short term revenues earned as well as the long term developmental potential and needs of followers and the department.
Goal setting and Performance management philosophy	Focus only on accomplishment of quantitative goals	Both quantity and quality (including compliance procedures) of goals achieved are scrutinized and evaluated.
Auditing styles followed at the organizational and individual levels:	Conventional Audit (Post-hoc; diagnostic in nature)	Risk-based Audit (Pre-emptive; prognostic in nature)

Re-crafting leadership development programs

In order to realise a change in orientation of leaders from a results mindset to process mindset, careful thought must be given to re-crafting the organization's leadership development programs. We agree with scholars (Day, Fleenor, Altwater, Sturm & McKee, 2014) who argue that leadership development is a large scale intervention that can only be realised over a medium to long period of time and to that extent, it tends to metamorphose into organization development (OD) programs. This assertion coincides with our proposition that systemic remedies such as the three illustrative ones outlined above, can be helpful to organizations. As far as individual outcomes are concerned, which are the easiest to observe and measure in such a broad-based program; it is recommended that the human resource department track the personal career trajectories of people who have attended these programs, to assess the latter's effectiveness. The literature (Day, 2000; Day & Harrison, 2007) suggests inclusion of some more approaches within the program, which although generic, are complementary to the remedies proposed in this paper. They are: (1) providing 'stretch' job assignments in varied forms such as in role, function or geography; (2) creating opportunities for project based learning corresponding to specific business problems, also called as 'Action Learning'; (3) assigning the individual to a developmental relationship with a senior manager, also termed as 'Mentoring'; (4) promoting intra and inter departmental collaborations and (5) promoting the culture of working across boundaries (both social/interpersonal and technical), among others.

Post-script

Singh and Bhandarkar (2015) in their article in NHRDN journal, have advanced an innovative and indigenous model for development of leadership capabilities with action points both for the individual and the organisation. With the current article and our thesis of process-oriented leadership, we attempt to build on their excellent contribution.

In Academic research, some correctional process oriented measures have been initiated, recently. An organisation, the Australian Business Deans Council (ABDC) which conducts a massive journal ranking exercise every three years, now also comes up with a separate list of 'predatory' journals that is journals that indulge in 'pay for publish' practices. The objective being to deter researchers from taking such shortcuts to publication. A journal, Management and Organisation Review, in their editorial, this March 2017, has declared that from now on, researchers must necessarily declare the entire dataset collected during the submission itself and if they are slicing it up to write multiple papers. Also there is provision for a separate track for authors who would like to take pre-publication approval of proposed theory and models for testing. This would dis-incentivise them against padding data and reporting fabricated results. There is a need for leaders of academic institutions to recognise the pitfalls in their prevailing culture, follow the aforementioned cues and implement similar guidelines within.

In micro-finance, the several lapses in process oversight by companies has attracted the promulgation of the 'Micro Finance Institutions (Development and Regulation) Bill', 2012, crafted by the Malegam committee. Most of the recommendations of the committee including strict norms of registration for MFIs, imposition of caps on chargeable interest, direct liability of CEOs etc have been implemented. The Reserve Bank of India has emerged as the sole regulator of this industry. All these represent industry level process oriented measures which are liable to spawn compatible monitoring practices within the companies as well. If this re-orientation is accepted systemically by companies, then hopefully, with time, this industry will get back on track in achieving it's original objective, which is sustainable eradication of poverty.

Conclusion

Growing number of cases of doping (The use of banned drugs to enhance performance) in athletic can be taken as a testimony to our assertion that a result oriented leadership makes organizations highly vulnerable. A little bit of warning in the words of Deepak Parekh, we hope, will keep leaders on high alert, "Always bear in mind that your reputation once lost, is almost impossible to earn back. There is no such thing as a temporary breach of integrity - you cannot make amendments later. So do not stay in any place where doing the right thing is not an option. Work honestly, make people trust you and let them depend on your integrity (Parekh, 2009)." When the tide runs out, you can see who is swimming naked, said Warren Buffett rather aptly (Parekh, 2009).

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