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THE WALL STREET JOURNAL

Business Insight (A Special Report)

Follow the Leaders: You've created a team to solve a problem; Here's some advice: Don't put one person in charge

by Craig L. Pearce

It's a common corporate approach to a problem: Build a team of experts from different parts of the company and ask them to find a solution.

But these teams could be a lot more effective if companies took one radical step: share leadership.

This concept, of course, flies in the face of the traditional idea of how companies should operate. One person in charge, and the others follow. But in a team of specialists, one expert usually doesn't have the know-how to understand all the facets of the job at hand. Instead, a better approach is to share the top duties, so the person in charge at any moment is the one with the key knowledge, skills and abilities for the aspect of the job at hand. When that changes, a new expert should step to the fore.

Our research, in fact, suggests that teams that perform poorly tend to be dominated by the team leader, while high-performing teams have a shared-leadership structure. But beware: There are some risks executives run by sharing the reins. And our research suggests also that success may depend on the particular country where a business is operating.

Who's the Boss?

Typically, teams are created because the company has a problem that needs to be addressed, such as devising a new product line. The company chooses one person from design, say, and others from engineering, manufacturing, marketing and production. If all these people weigh in, the thinking goes, the process is more effective and the end product is better.

But more often than not, the company makes one of those experts the sole team leader, and immediately that leader is at a knowledge disadvantage. After all, the purpose of the team is to bring together people with a diverse set of skills. So the leader often doesn't understand enough about the other team members' jobs to guide them at crucial moments. An engineer, for instance, probably isn't going to make a good leader when the team is hashing out how to market a product.

A better approach is to let the team member whose expertise is needed at the moment take the lead. The marketing expert, for instance, would be better off taking charge when the team is deciding how to sell its new idea to consumers.

Our research shows just how effective shared leadership can be. We undertook four studies of dozens of teams in a variety of industries, conducting surveys of team members and analyzing statistics about their companies. In every case, we found that shared leadership led to better results.

For example, we recently completed a study of 66 companies on the Inc. 500 list, looking at five-year growth in earnings and the number of employees, and surveying top management team members about their experiences. We found that shared leadership was a significant predictor of a company's growth rates: If a company's top management team practiced shared leadership, there was an excellent chance that the company's financials were headed up, as well.

In some cases, companies didn't just share leadership within the top management team—they gave individual teams oversight power that was once reserved for top executives, such as whether to pursue a certain product line. Why? Senior leaders realized that they don't have enough time or relevant information to make all of the decisions in a fast-changing and complex world. Individuals down the line may be better informed and therefore more able to make the right decisions.

Take information technology, whose shelf life is measured in months. It is impossible for any single executive

to be fully aware of the gamut of developments on the horizon. Software engineers know more about the ever-changing technical options than a boss would, while marketing experts have a clearer idea of what buyers are demanding from new products. So, it makes sense for companies to let teams of those workers shape new offerings, instead of relying on an executive to shoulder the burden alone.

How Far Can You Go?

Still, the practice of shared leadership has limits. For one, it generally requires a bit of time to develop. Shared leadership is most effective when leaders have a sense of what their teammates can do and who should be in charge at any given time. But they generally won't know that until the team has been working together for a while. So, it might be a better idea to rely on a single strong manager to run the show until the team members can suss each other out.

Personality can also cloud the issue. In some cases, team members might resist sharing the lead because of personal ambition or narcissism. Meanwhile, teams are often plagued by interdepartmental feuds among members. What if you represent the VP of marketing on the task force, and the executive has given you very specific marching orders—while someone from accounting has been given contrary instructions?

And, obviously, shared leadership can't flourish if team members don't have the necessary management skills required to lead one another effectively. A bad leader, for instance, might clumsily attempt to influence other team members and create emotional conflict—which could spiral out of control and lead to the demise of the team.

Where You Live Matters

The potential for shared leadership also varies by country, as we learned from reanalyzing data on workplace attitudes and values across 53 nations and regional groupings.

Before we go further, a caveat: What follows requires some sweeping generalizations about nations and people. Obviously, such generalizations don't apply to every person in every country. But our research suggests that the broad assertions hold a lot of truth.

We examined three categories of workplace attitudes and values. First: How much do people in a society accept unequal distribution of power in institutions and organizations?

Arab countries, Belgium, Brazil, Chile, Colombia, Costa Rica, East Africa, Ecuador, France, Greece, Guatemala, Hong Kong, Indonesia, Iran, Korea, Malaysia, Mexico, Pakistan, Philippines, Panama, Peru, Portugal, El Salvador, Singapore, Spain, Taiwan, Thailand, Turkey, Uruguay, West Africa, Venezuela and Yugoslavia all scored high on this measure—meaning they're characterized by authoritarianism in government and centralized decision-making in organizations.

Countries with a low score are marked by egalitarianism and decentralized decision-making. In this category: Argentina, Australia, Austria, Canada, Denmark, Finland, Germany, Great Britain, India, Ireland, Israel, Italy, Jamaica, Japan, Netherlands, New Zealand, Norway, South Africa, Sweden, Switzerland and the U.S.

Clearly, it's tougher to share leadership when a society is based on unequal distribution of power. Those who occupy leadership positions are less likely to share their authority, since they likely believe it is something they have earned; likewise, followers may be reluctant to share leadership because they view control as the sole prerogative of the appointed leader. Followers may also judge a leader to be weak if he or she attempts to hand over the reins.

Next, we examined the degree to which these countries were aggressive or nurturing. Aggressive societies have people who are assertive, materialistic and competitive. They're oriented toward the achievement of goals, at the expense of others. On the list: Arab countries, Australia, Belgium, Canada, Columbia, Ecuador, Great Britain, Greece, Hong Kong, India, Ireland, Jamaica, Malaysia, Mexico, New Zealand, Pakistan, Philippines, South Africa, Switzerland, the U.S. and Venezuela.

Nurturing societies, on the other hand, are more concerned with developing the potential of all, rather than competition. In other words, assertive societies are more concerned with "dividing the pie," while nurturing societies are more concerned with "growing the size of the pie." Countries that scored high on this measure were Argentina, Austria, Brazil, Chile, Costa Rica, Denmark, East Africa, Finland, France, Germany, Guatemala, Indonesia, Iran, Israel, Italy, Japan, Korea, Netherlands, Norway, Panama, Peru, Portugal, El Salvador, Singapore, Spain, Sweden, Taiwan, Thailand, Turkey, Uruguay, West Africa and Yugoslavia.

Generally, assertive societies are at a disadvantage when it comes to shared leadership. Aggressiveness may cause people to vie for control and to be unwilling to relinquish it once they have it. To get people to share leadership, the key may be to focus their natural aggression onto an external target—such as beating competitors or performance benchmarks. In other words, let them see that handing over leadership will help them beat the competition.

Finally, we looked at how much these societies were individualistic or collectivist. The former are noted for people who are self-reliant and value independence and achievement. Ranking high on this measure were Argentina, Australia, Austria, Canada, Denmark, Finland, Germany, Great Britain, India, Ireland, Israel, Italy, Jamaica, Japan, Netherlands, New Zealand, Norway, South Africa, Sweden, Switzerland and the U.S.

People in countries with a collectivism orientation tend to gravitate toward groups—such as relatives, teams and organizations—and expect the group to take care of them in exchange for absolute loyalty. High scorers include Arab countries, Belgium, Brazil, Chile, Colombia, Costa Rica, East Africa, Ecuador, France, Greece, Guatemala, Hong Kong, Indonesia, Iran, Korea, Malaysia, Mexico, Pakistan, Panama, Peru, Philippines, Portugal, El Salvador, Singapore, Spain, Taiwan, Thailand, Turkey, Uruguay, West Africa, Venezuela and Yugoslavia.

Collectivism can make it easier to introduce shared leadership, while individualism is essentially at odds with the concept. People in individualistic societies are independent and self-reliant; they enjoy personal freedom. Accordingly, they are not predisposed to work in teams, which are the building blocks of shared leadership. People in collectivistic societies, on the other hand, are oriented around groups and predisposed to help the team or organization, no matter the personal cost.

With individualistic societies, the key may be to use shared leadership only when there are clear reasons for doing so: if a particular job is complex, for instance, or especially critical to the organization. People may react badly to sharing control if the job is straightforward or routine.

Conclusion

Are we approaching the dusk of the hierarchical leadership? Unambiguously no. It is not a matter of choosing between hierarchical leadership and shared leadership. On the contrary, the issues are: (1) when is leadership most appropriately shared; (2) how does one develop shared leadership; and (3) how does one shift between hierarchical and shared leadership. By addressing these issues, we will move organizations toward the more appropriate practice of leadership in the age of knowledge work.

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Dr. Pearce is the Clifton Chair of Leadership and the Director of the Institute for Innovative Leadership at the University of Nebraska. His recent books include, Shared Leadership, published by Sage and The Drucker Difference, published by McGraw-Hill. His forthcoming book, Share the Lead, will be published by Stanford University Press. He can be reached at Craig.L.Pearce@gmail.com.