7. Developing as a leader and decision maker

Marcus Selart

Norwegian School of Economics

Abstract

This chapter makes it clear that a significant element of both leadership and decision making is the development aspect. Leaders develop in their decision making by being confronted with difficult decision situations. However, they also develop through various forms of systemized training and education. Different leaders tend to develop in different directions. For this reason, one can identify a number of key leadership styles based on different ways of leading. These different styles are appropriate for various types of organization. Some organizations require a strict and authoritative style, while others are in greater need of a more democratic style. Senior leaders often have the capacity to switch between different leadership styles depending on how the situation develops. In addition, there are a number of key decision-making roles that leaders are expected to manage. These include the role of entrepreneur, problem-solver, resource-allocator and negotiator. Leaders must also learn to work with clarity, conviction, courage, and communication in order to facilitate their decisions. Research shows that leaders who face severe adversity in their careers often are forced to make many difficult decisions. As a result they develop. Being forced to make difficult decisions actually leads to reflection, self-awareness and self-knowledge of one’s own values. Leaders also develop by communicating their problems in a structured way with more experienced colleagues. The fact that leaders develop by making difficult decisions leads to various forms of action having a central role. It is by putting decisions into action that leaders develop, as well as by reflecting on what alternative decisions could have been made. An action perspective on leadership decisions is closely linked to the concept of sense-making. This phenomenon implies observation, action, revision and communication in the aftermath of a decision. There is research indicating that reflection, critical thinking, intuition, ethics and communication are important dimensions of leaders and decision makers who are generally perceived as wise.

There are several reasons why leadership development has become a priority in larger organizations. First, a pressure has been created on organizations to provide resources for leadership development in order to build a culture that supports continuous learning. Secondly, leaders themselves have begun to take personal responsibility for their own development in a time marked by crises, downsizing and restructuring. Thirdly, the technological development has made competence-enhancing resources available on the internet for anyone who is interested in taking them into use (London & Maurer, 2004). According to McCauley (2001), there are three main factors that contribute to leadership development in organizations:

1. What opportunities leaders have to develop through a variety of challenging experiences.

2. Which ability leaders have to learn and develop.
3. What assistance the organization gives to leadership development in terms of coaching and feedback.

According to Campbell (1989) leaders’ motivation to learn also constitutes a key factor. It has been highlighted by Kotter (1988) and Day (2000) that leadership development is an important part of an organization's competitive advantage (see also Schön, 1983). For instance, strategy driven leadership implies that leadership competence is defined as a strategic element that is adapted to the organization's core strategy. Organizations with an innovation strategy should therefore first and foremost teach their leaders how to deal with ambiguity and uncertainty as effectively as possible (Schuler & Jackson, 1987). This can be accomplished by using such training methods as case discussions, business games and simulations.

Leadership styles

A fundamental question is how a leader can get a group to perform by experimenting with different leadership styles. The concept of leadership style usually refers to differences between various leaders' preferences regarding how the leadership function best should be exercised. Hence, it is not the case that a leader must lead in a certain way based on his or her personal qualities. A leader can on the contrary lead in another way than what is natural for his or her basic personality. The idea is that the leader is able to perform conscious choices of leadership style. Sometimes a leader knows that he or she could choose a different style but of one reason or another refrains from this. The reasons may be that the style in question is not suitable or is unethical in any way. To develop as a leader therefore implies the ability to smoothly switch between different leadership styles along your own preferences.

An important factor that determines the style applied by a leader is the extent to which he or she is focused on showing concern for employee welfare. It is therefore necessary for the leader to create social relations with the employees and take advantage of these. This is achieved by providing feedback, be helpful, listen to complaints, be friendly and treat the employees as equals. For many leaders, it is very important to get acceptance from employees before important decisions are made and implemented.
Another important factor in determining the leadership style is how well a leader can provide structure and initiate action in the group that he or she is the leader of. Therefore, many leaders organize the work of their employees and explain how it is done. Concepts such as *effective problem solving* and *efficiency* are often at the forefront. For this reason, it is important to set deadlines and keep them. A clear structure is created for how the work should be organized and what roles the employees are supposed to play. Often, the employees are not consulted when a major decision is to be made. Many leaders put great emphasis on defining their role in relation to the achievement of the objectives that the work requires. From these two fundamental factors six different leadership styles can be defined (Grønhaug, Hellesøy & Kaufmann, 2006; Ahlstrom & Bruton, 2008).

The first leadership style is called *coersive*. A coersive leader is often working with criticism and negative tactics and usually gives orders directly to employees. This style can be successful in some situations where employees are not willing to take responsibility. However, it is usually detrimental in environments where creativity and innovation are key elements. Therefore, many therefore feel that this style is the least efficient when all kinds of possible situations are analyzed. The organizations that are working successfully with this leadership style are often characterized by rapid decision-making. In addition, they often have a need to change course quickly. The leadership style works not well at all in industries that focus on innovation and groundbreaking development. Although the style has attracted much criticism, it can be viable in organizations that have developed bad habits, or are in an acute crisis of any kind. However, it's important that the leader is able to change the leadership style when the acute situation improves. Otherwise, the organizational climate and the working moral are likely to deteriorate rather quickly (Yukl, 2006; Ahlstrom & Bruton, 2008).

The second leadership style is labelled *authoritative*. This style is also often used in adverse situations where you want to change people's thinking. The difference is that this style is based on enthusiasm and vision, rather than on criticism and negative tactics. The style is referred to as authoritative because the leaders who are using it like to impose their vision of the company or team on others in a confident and dogmatic manner. The style is often also known as *charismatic*. Research shows that the authoritative style may be extremely effective when used properly. Authoritative and charismatic leaders are both visionary and motivated which give employees a strong sense of identity. They know what they are doing and why
they are doing it. In contrast to the strict leader, the authoritarian leader's success criteria are clear. In addition, employees are given the opportunity to make suggestions for improvements and they are not punished in case they fail in an honest manner. Because of its positive effect the authoritative leadership style works well in organizations that have come on the slide. In such a context, the authoritative leader can bring a new course and pitch a fresh new long-term vision. However, the authoritative style may be problematic when a leader is responsible for a team of experts who have more experience than the leader himself/herself in key areas. There is then a risk that the team leader is experienced as excessive and unrealistic. The same problem may arise in knowledge industries, where everyone knows their job and may not need an enthusiastic choir leader in order to achieve results. Nevertheless, the authoritative leadership style can be very effective in situations requiring quick and dramatic action to get a failed operation to achieve success again (Yukl, 2006; Ahlstrom & Bruton, 2008).

The third leadership style is termed **affiliative**. For an affiliative leader people will always come first in the sense that individuals and their emotions are appreciated more than tasks and goals. An affable leader strives to keep the employees happy and is likely to create harmony around them. In addition the leader tries to create strong emotional bonds between the employees. This implies that both communication and flexibility are highly valued. An affable leader is often rapid in terms of providing positive feedback which motivates employees. These leaders are also good at creating an atmosphere of belonging and are often also natural relationship builders. In organizations that choose to invest in this style of leadership, it is common that one can observe inbuilt health facilities, kindergartens, medical clinics, as well as bonus and profit sharing schemes. All this aim to create satisfied and committed employees who thrive in the organization (Yukl, 2006; Ahlstrom & Bruton, 2008).

The fourth leadership style is called **democratic**. This style is very consultative and is often associated with Japanese leadership and decision making. The style is characterized by the leadership team and the employees being allowed to discuss plans and objectives with a view to reach a collective decision. The democratic style is slow but usually works fine without any major obstacles. Since those affected by the decisions have an opportunity to influence the decision process, flexibility, responsibility, and a strong work ethic are created. When employees are allowed to participate in the decision making process, this implies that they often acquire a realistic view of what is and is not feasible. Still, the democratic leadership
style has its drawbacks. Often it results in endless meetings aimed at building consensus at all costs. The final decision can sometimes consist only of an agreement to meet again in a week or so. Democratic leaders often seem to avoid making important decisions, in the hope that important insights will appear naturally in the meetings. They simply hope that the meeting will help them to avoid their responsibility. Therefore, in extreme cases, an organization that has chosen this leadership style appears to be leaderless (Yukl, 2006; Ahlstrom & Bruton, 2008).

The fifth leadership style is termed *pacesetting*. Pacesetting leaders are focused on making everything better and faster and require the same of their employees. Those who do not deliver are out. Organizations that are characterized by this style of leadership often perform well during certain periods, but staff turnover is at the same time also quite high. These leaders often have a clear idea of what they want to achieve but it is not always certain that they have the ability to communicate this clearly to employees. They often make a selection of the employees who they want to invest in and therefore give little priority to skills development, etc. The default attitude is that the right people must be engaged from the beginning. The archetypal pacesetting leader is both hardworking and creative but at the same time dominant and terrorizing if the employees do not live up to the set requirements. A pacesetting leadership style works best when employees are self-motivated and highly competent and do not need so much of control or coordination (Yukl, 2006; Ahlstrom & Bruton, 2008).

The sixth leadership style is called *coaching*. This style is more reminiscent of a counselor than of a traditional leader. A coaching leader helps employees to identify their strengths and weaknesses and tries to relate them to their career goals and personal goals. They usually encourage employees to develop long-term development objectives and help them to conceptualize a plan to reach these objectives. In the next step, these leaders agree with the employees on how roles and responsibilities should be allocated in order to carry out the plans. There is often a generosity in giving instructions and feedback to employees. The style is also very delegating. Often, leaders give employees very responsible tasks in order to make them grow. Research shows that the coaching leadership style is the least one used but that it should be used more than what it is. The style fits in most cultures and often generates a good organizational climate. One problem with the style is that it primarily focuses on personal development and not so much on improving productivity. Despite this fact, the style can often lead to improved performance. For example, leaders who themselves receive coaching
can improve on their decision making. This can be achieved through focused conversations in which the current leader feels both supported and challenged. The coaching style works well in many organizations, but is perhaps most effective when employees know about their weaknesses and want to improve their performance. It also works well when employees realize the importance of developing new skills in order to advance. In short, the coaching style works best for people who are interested in letting themselves be coached, and who can see opportunities to create win-win-situations (Yukl, 2006; Ahlstrom & Bruton, 2008; Shaw, 2008).

The leader in various roles as decision maker

Most organizations are characterized by the fact that it is the leader who plays the main role in the decision making systems. Because of their formal authority only the leaders are capable of determining which action steps are to be taken. Furthermore, it is often the leader who has access to the relevant information needed to make a strategic decision. Henry Mintzberg has described the four central roles that picture the leader as decision maker (Mintzberg, 1975). All these roles can be subject to behavior role modeling training. This implies that the leaders take part in a role play to practice the different roles. These role plays can be conducted in small groups. This gives several leaders the opportunity to practice at the same time. Feedback can be received by the trainer or from other leaders who serve as observers. In most cases, the leaders are asked to develop specific action plans for implementing the behavior guidelines back to the job. After writing these action plans, leaders can discuss them in dyads, in small groups, or privately with the trainer to do some reality testing and obtain guidance and encouragement (Yukl, 2006).

The first role is that of an entrepreneur. As such, it is the leader's task to ensure that the organization improves by adapting to changing conditions in the external surroundings. The leader must therefore always be on the lookout for new ideas. When an idea shows up the leader initiates and leads a development project that is built around it. These projects are often the result of a series of small decisions that have occurred over time. It is therefore difficult to trace them to formalized autocratic decisions or group decisions. It is not unusual that the leader tries to extend each project, partly because they must fit in a piecemeal agenda and partly because they successfully should be able to deal with difficult problems. Some of these projects will result in new products or processes. Others will lead up to campaigns, improvements of financial systems, reorganizations, internationalization improvements, data
integration solutions, etc. Often, a top leader is juggling with a number of such projects. Now and then old projects are closed and new ones are initiated.

The second role is that of a problem solver. One can easily get the impression that it is through external pressure that the leader takes on this role. Problems often relate to such issues as potential strikes, customers who are faced with financial problems or suppliers that do not follow established contracts. In all cases, action is required from the leader's side and the problem can not be ignored. Often the leader is not in full control of the situation. Problems of this type not only occur due to insufficient leaders’ ignorance. They also arise because good leaders are not able to predict the consequences of their actions.

The third role is that of a resource allocator. It is usually the leader who determines who should get what. Perhaps the most important resource that a leader is allocating is his or her own time. To be able to get access to the leader is for most employees synonymous with an opportunity to expose oneself to the decision maker of the unit. The leader is also responsible for the structure of the unit, that is, the pattern of formal relationships that determines how the work is allocated and coordinated. As a resource allocator, a leader also has responsibility for approving major decisions before they are implemented. Through this power the leader can ensure that decisions have an internal meaning. If this power is fragmented it can result in a lack of ability to make decisions and a disjointed strategy. An observation that can be made is that many leaders give green light to kick off projects even in the absence of a formal budgeting. Many projects simply cannot wait or do not allow access to the quantifiable costs and the calculation of earnings that traditional budgeting requires. When a leader makes strategic decisions he or she must consider the impact that these have on other decisions and the organization's strategy. They must therefore ensure that the decisions are acceptable to key individuals in the organization and that not too much resources are used. It is therefore important for a leader to have an insight into the proposals’ costs and the potential to make a profit. Leaders must also have an insight into the feasibility of proposals and whether they are timely. Sometimes it happens that the leader chooses a person instead of a proposal in connection with various projects being approved. This means that the leader approves projects by people he or she has confidence in. However, a leader cannot always make such a simple choice.

The fourth role is that of a negotiator. Generally speaking, the leader uses a lot of time to negotiate. For example, it is often the leader who designs the contracts to be valid for newly
appointed managers. Leaders must also often negotiate with the union in relation to local wage negotiations. Sometimes it can happen that a major customer is dissatisfied with the product or service that has been sold and then it is also the leader who negotiates. The fact that the leader plays a central role in all sorts of negotiations is rooted in that it is he or she who is in position to grant resources. It is also the leader who has access to vital information that is needed in important negotiations.

In his book, *Making Difficult Decisions*, Peter Shaw identifies four distinct roles that are crucial for the leader to be able to develop over time. These are based on the fact that it is important for decision makers to make decisions that are rooted in their own values. To achieve this, the decision makers must coordinate their rational abilities and emotional awareness with their personal values and priorities. This view is based on that leaders are developed in their roles through the parallel development of skills. They thereby achieve a higher quality of decisions over time (Shaw, 2008).

The first role is based on clarity. This role includes the ability to respond objectively to the topic, to identify problems and decision options, to carry out good analyses, and to be goal focused. This role also involves dealing with complexity, to live with compromises and to clarify the consequences in case different decisions are made. To be clear as a decision maker implies finding the simple solutions when faced with complex situations and know when you have enough relevant information. Leaders driven by a need for decision clarity are often driven to find simple solutions with the help of an honest and rigorous objectivity. Often, they are not so easily affected by different emotions (Shaw, 2008).

The second role is based on belief. Making difficult decisions is not just a matter of weighing different factors against each other. No matter how good information and analysis one has access to, there is something else going on in the minds of many decision makers when a decision is about to be made. It is not uncommon for many decision makers to bring with them a perspective or an intuition into a decision situation. Sometimes this can lead to valuable insights that make the decision makers interpret the facts in a constructive way. However, sometimes the decision makers bring with them experiences and emotional perspectives which lead them to consider the environment with blinkers. An important question is therefore how decision makers can use this role in a constructive way. The solution lies in being as honest as possible to oneself and to analyze one’s own thinking critically. Beliefs that take the form of dogmatism are downright malicious. Therefore,
decision makers must continuously test and evaluate their beliefs. There are many factors that influence decision makers in this role. These include intuitive assessments, evaluations, past experience, expert assessments and emotional awareness (Shaw, 2008).

The third role expression is based on courage. Decision makers who use this role feel the need to balance a certain amount of courage with caution. In case you have too little courage as a leader, this often makes you paralyzed by your own fear. However, an excessive courage often leads to the ignorance of dangers and difficulties. It is important that a leader can summon up courage when thought is put into action. Courage is not something that suddenly appears, but is built up over time. It is very much about the leader building a self-confidence and making use of experience and authority to create a framework for what he or she can say, and when. As a leader one has to live with the realization that one cannot avoid the risk to fail and make wrong decisions. Leaders must have faith in their own and others assessments when, for example, decisions are to be delegated. Many times a leader can use a belief as a platform to create courage. To use courage when deciding means building up a self-confidence and an inner strength while not allowing oneself to be influenced too much by other people's emotional reactions. It is also about preparing and acting consistently in order to create meaningfulness in the decisions and not to have them undermined. Therefore, this role works best in implementation situations with a clear value driven objective where the leader is aware of the consequences and is willing to learn from his or her mistakes. Both reflection and action are important elements of the role (Shaw, 2008).

The fourth role expression is based on communication. Decision makers who use this role are well aware that good communication not only provides an effective transfer of decision outcomes. Being able to work with communication in a creditable manner permeates the whole decision making process. The role involves being able to listen, build partnerships, engage effectively, build consensus, and convince. By working with communication in this versatile way, the decision maker can create win-win situations even before the decision is made. In each decision process, it is essential that the leader understands the context and has the ability to understand other people's perspectives. It is important for a leader to continually reflect on how the final decision will eventually be communicated. This is an important test of the potential realism of the decision. At any meeting where a complex decision is discussed the leader should reflect on what the main communication issues are. Therefore, this role works best in situations that require a broad approach to the concept of
communication where it is important to build understanding and agreement, to communicate the results effectively and to follow up on the cultural interpretations (Shaw, 2008).

To learn from practical experience

An important issue is whether problems, burdens and setbacks connected to the leadership job is likely to result in important leadership competence. For example, Disraeli thought that it is by seeing much, studying much, and suffering much that a leader develops wisdom. This does not mean that the ability to cope with adversity is something that can be entered on the schedule of leadership development programs of various kinds. On the other hand, one should perhaps ask oneself how experiences of this kind can be used in a positive way for learning and personal development. In a study by McCall, Lombardo, & Morrison (1988) leaders identified five problems which they believed had important consequences for their development. These included:

1. Errors and defeat in relation to key people.
2. Degradation.
3. Career Shift.
4. Poor performance from subordinates.
5. Personal trauma.

These situations created enhanced self-understanding and an acceptance by the leaders of their own limitations. The leaders simply felt that they had developed through these situations when it came to dealing with situations that they did not have control over.

There is research indicating that leaders who are confronted with severe declines in their careers often have the opportunity for reflection, self-awareness and knowledge of their own values (Kovach, 1986, 1989). However, in order to learn from their setbacks leaders require an ability and willingness to challenge their own thinking and way of being. It requires a willingness to change on the basis of new insights. Both Argyris (1991) and Kaplan et al. (1987) argue that it can often be difficult for leaders to mobilize this willingness because they are so accustomed to achieve success. Many are defensive and unable to admit that they
themselves have been involved and contributed to their own faults. What distinguishes successful leaders from the less successful ones are often the willingness to take responsibility for their own mistakes (Argyris, 1991). Often, failing leaders blame the media or their employees and refuse to recognize their own shortcomings. However, there are methods that leaders can use to break the vicious circle of adrenaline fueled defensive reasoning. It requires that leaders recognize that there is a discrepancy between the theory of action which they verbally express and the theory that they actually are acting on. To get feedback from others in this context is important and can result in leaders gaining a perspective on their own limitations. Unfortunately, it may be that the higher up the hierarchy a leader has advanced the less accessible is feedback of this kind (Bartholome, 1989). There are several reasons for this. First, top managers often develop a high degree of self-confidence as a result of the status that the high position entails. It is easy for top leaders to feel superior and ignore the criticism from others who have not been as successful or been in the right place at the right time.

Second, due to the top leader's position of power many people avoid the risk of offending him or her publicly by expressing criticism. It is therefore important that the organization contributes positively by creating an accepting environment that involves a tolerance for criticism. Leaders must also be allowed to sometimes make the wrong decisions. This can be done by developing a culture that values learning and not just results.

Many organizations invest in formal mentoring programs as one of many methods to achieve leadership development (Noe, 1991). A mentoring relationship is characterized by an experienced senior leader helping a less experienced junior leader. Also colleagues may provide an important impetus to leadership development (London & More, 1987). Typically, the mentor is not the boss of the protégé (McCauley & Douglas, 1998). There are two distinct functions of mentoring (Kram, 1985; Noe, 1988). The first is psychosocial and centers on acceptance, encouragement, guidance and consultancy. The second is career promoting and is more about sponsorship, patronage, task delegation and visibility. Mentors can often help a new leader's acclimatization, learning, and stress reduction by taking various measures. This is particularly important when for instance, a new leader is to change unit or work abroad (Kram & Hall, 1989; Zey, 1988).

There are several studies showing that there is a connection between mentoring and advancement in the organization (Chao, Walz, & Gardner, 1992; Dreher & Ash, 1990;
As a rule, mentors also gain from the experience since it enables them to develop their leadership qualities. Therefore, it is common that they enhance their work satisfaction as a result of the experience. However, there is relatively little research indicating that the mentor can really boost his or her protegé’s leadership development. It is therefore not entirely clear what knowledge, values, and behaviors that are transmitted in the mentoring relationship. For this reason, more research is required in this area in order to illustrate how the learning process looks like and what factors are contributing to development (Yukl, 2006). It is particularly important that future research will be able to identify to what extent a mentor can transfer knowledge about how a leader can deal with different decision making roles (Shaw, 2008).

In recent years, individual coaching has been established as an alternative method for organizations to achieve leadership development (Hall, Otazo, & Hollenbeck, 1999; Kilburg, 1996; Peterson, 1996; Shaw, 2008). The individual who receives coaching is usually a top leader of an organization. The individual who provides coaching is often an external consultant. The coach is usually a successful former leader or a behavioral scientist with a rich experience of being a leadership consultant. The primary purpose of leadership coaching is to facilitate learning and skills development. A coach can also provide practical advice on how leaders should deal with certain challenges such as how to best implement a major development, how to tackle problems with their line managers as well as how to best collaborate with people from other cultures. The advantage of coaching is that the leader has someone to test his or her ideas on. This person usually understands these ideas and can provide objective feedback and suggestions in a completely confidential spirit. An executive coach is not a permanent mentor but is chartered for a limited period, usually for a couple of years. Often consultations take place once a week or every fortnight. In extreme cases, the coach may have to be prepared to step in immediately like a emergency physician when the situation requires it. Sometimes the initiative to coaching is taken by the leader himself/herself. However, it also happens that senior leaders are behind the act in order to help the current leader to advance in the organization.

The leaders who have received coaching are generally positive about the experience. What these leaders have appreciated the most is feedback about their strengths and weaknesses as well as clear and transparent advice on how to operate more efficiently. A coach can also get a leader to develop in terms of listening to others, to communicate, to influence others, to
build relationships, to manage conflicts, to build teams, to initiate change, to hold meetings and to develop subordinates. It is also quite common that a coach can provide tips and advice to leaders about where to obtain relevant knowledge and skills (Dotlich & Cairo, 1999). One problem with the coaching method is that it is very costly even in limited forms. For this reason, it is usually only applicable for an organization to afford coaching for the senior management layer (Hall et al., 1999; Yukl, 2006). In his book, *Making Difficult Decisions* Peter Shaw elaborates on how coaching can be used in order to improve leaders' ability to make tough decisions (Shaw, 2008).

According to Rosow and Zager (1988) leadership development is more and more associated with philosophies of continuous and progressive learning. The purpose of developing leaders can be seen as part of creating learning organizations. A learning organization continually expands its capacity to create its own future by looking at the world in new ways. This may include customers and clients' needs or the means to operate on. A leading spokesman for this new thinking is Peter Senge (1990). He has identified five core competencies or disciplines that are essential for a learning organization. These are:

1. Systems thinking.
2. Personal problem solving skills.
3. Mental models.
4. Development of common visions.
5. Team learning.

The leader's main job is to constantly renew the employee vision, challenge prevailing mental models, grow holistic thinking and support staff learning as well as problem-solving.

*Self leadership and decision making*

The new interest in continuing and experience-based learning has also resulted in an increased responsibility among leaders for their own development (Manz & Manz, 1991; Manz, 1992; Sims & Lorenzi, 1992; Sims & Manz, 1996). Gary Yukl (2006) has set up a general list of
recommendations that are useful for leaders who want to develop their own skills. These include:

1. To develop a personal vision for what you want to accomplish in your career.

2. To search for a viable supervisor.

3. To seek challenging tasks and work assignments.

4. To improve self-monitoring.

5. To seek relevant feedback.

6. To learn from your mistakes.

7. To see events from different perspectives.

8. To avoid facile answers.

An important choice that leaders face when they want to develop themselves is about values and priorities. Leaders must make clear to themselves what they want, feel like and appreciate, but also the consequences of this. Therefore, leaders’ own needs have a strong connection to their own values. It is also important to think through what you must do to satisfy society and the nearests’ requirements and needs. Ethics and morality are important in this context. Thus, self leadership is not about following your own path but about knowing your own and others' needs and create a balance between them. By analyzing your own values you simultaneously also engage in a self-examination of important areas of life. The key questions are what you want to do, should do, and can do in relation to the present. A leader's personal value system affects the perception of situations and problems. One example consists of what leaders consider to be a success. Another is constituted by the ways that leaders look at human relationships. The value system also puts limits on a leader's ethical behavior. It is through the value system that a leader either accepts or opposes organizational goals and the social pressure that these create. It can therefore be equated with a set of rules that helps the leader to choose between alternatives, resolve conflicts, and make decisions (Harrison, 1999).

When a leader has analyzed his or her fundamental values, it is time to set goals and prioritize between them. To set goals is ultimately about giving the daily efforts focus and meaning.
Leaders therefore need to specify both long term and short term goals, regardless of if they concern work or personal life. Contemporary motivation research suggests that goals are an important means to control our behavior and actions. However, the formulation of objectives needs to be precise. For example, when you are planning your week you must clarify for yourself what you must do as well as what you don’t want to do. In addition you must clarify what support is needed and what time should be spent on each activity. It is also important that all major objectives are broken down into underlying objectives. In this way, it will be more clear what needs to be done to achieve the major objectives.

To follow up on that one actually is committed to the pursuit of the set objectives, one can apply various forms of self-observation. This means to critically reflect on whether the behavior you are engaged in really can be linked to the objectives. As a leader you can for example ask the following questions:

1. Do I talk too much with colleagues at the expense of contact with customers?

2. Am I too busy with operational issues at the cost of leadership issues?

3. Do I use too much time to read e-mails before talking to people?

4. Do I use too little time for strategic work?

5. Am I too focused in relation to the complexity of the tasks?

When answering these questions a leader can make use of his or her network and compare with others how they reason on these and similar issues.

It is important for leaders to ask themselves how they use their time, how much time they spend on different tasks, and why they use their time the way they do. In this context, many leaders have thoughts about their own inadequacy or despair which sometimes can result in avoidance behavior. This type of thinking is often accompanied by uncomfortable feelings such as anxiety, boredom and powerlessness. As part of their self-observation leaders can therefore ask themselves to what extent they consider themselves as realists. They might also ask themselves in what contexts they consistently produce negative or positive attitudes to different events. Other important questions concern how leaders look at taking on new tasks and in what contexts they may feel a fear of not being adequate.
After having observed yourself, it is easy to become distracted in relation to the set goals. As mentioned earlier, many leaders feel that they daily face a flood of phone calls, e-mails and requests that make it difficult to achieve their goals. Moreover, leaders’ own need for variety, relaxation, and excitement can make things even more difficult. Sometimes leaders do something completely different than what they desire, due to an undefined need. What leaders can do is to work with to-do lists while applying different self-control techniques aimed at making themselves unavailable. One can also try to engage a loyal and discreet assistant who takes care of some practical tasks. It is not necessary to do everything yourself. In case you have a need for variety and relaxation, you can try to include this in the list of secondary objectives and by doing so increase the sense of efficiency and control.

One method you can use to further stimulate the achievement of objectives is to give yourself rewards for a job well done. This is particularly important when the leader works with tedious tasks. However, you can also punish yourself or give negative sanctions in case you cannot meet the objectives you have set. A guilty conscience can often work effectively, but you can also work with cancelling activities that you appreciate very much, as a form of punishment. Another approach is to try to perform less enjoyable tasks in pleasant surroundings, whenever possible. For example, boring reports can be written at home or on the beach. Boring meetings can be held in a nice meeting place. You can also try to actively seek out the tasks you enjoy and engage yourself in these as a means of achieving the objectives. These methods can be compared and discussed with members of your network.

A leader who is good at leading himself/herself is sometimes called a super-leader (Sims & Manz, 1996). Such leaders usually have no problems with giving away their power. They also have a mental ownership of the work and create a positive thinking about the tasks. Super leaders support others in their independence and plan the introduction of self-leading teams in the organization. This makes the super-leader different from the traditional leader who is acting through management, supervision and control. In order to get others to become self-leaders, it is usual for super-leaders to act as coaches. Self-oriented leadership coaching implies that the leader presents himself/herself as a good role model of self-leadership. The leader must therefore instruct employees how to improve their own self-leadership and also reward this when present. A super-leader encourages employee development by challenging the employees. This may be done by asking employees what the objective is, how precisely it
is formulated, how demanding it is, what rewards they are planning to give themselves and what might prevent them from carrying out the plans.

Self-leadership means that employees themselves must have a governing function. This means that the leader gives away power and responsibility. However, this can sometimes cause problems. A strongly reduced control is not always compatible with major organizational changes. Such changes generally require coordination and someone pointing out a common course. A monitored surveillance, strategic governance, and adaptation to changing conditions generally have a significant impact on an organization's effectiveness. It is therefore important that the leader has the ability to inspire the employees to contribute positively to the effectiveness of the organization (Bass, 1997). Bass refers to this form of leadership as transformation leadership. Both transformation leadership and self leadership attaches great importance to inspirational motivation, intellectual stimulation and contact creation. The main challenge for a leader among self-leading team members may therefore be to inspire without controlling. In addition the model is based largely on a "logic of confidence" that could serve as a substitute for a more administrative and control-based management style (Jacobsen & Thorsvik, 2007).

To make self-leadership work in practice, certain conditions must be met. First, employees must have a high degree of competence in relation to their duties. They may even have a higher competence in their work than the formal leader. Another important condition is that employees must have a committed relationship to the workplace, the employer and the job. Otherwise, there is a danger that freedom, authority and responsibility will not be managed in a defensible way. Thirdly, the employees must be willing to develop a personal independence or autonomy. An in-depth discussion of self-leadership and decision making can be found in Martinsen (2004).

**Team leadership and decision making**

In recent years it has become increasingly popular to work with teams in organizations. A lot of inspiration in this regard has been gained from the world of sport and its team sports. In this realm, team is a positively charged word. However, there is research that indicates that there are also a lot of problems with team work. The introduction of teams cannot therefore remedy all possible problems that may exist in the organization (Hare, 1994; Donnellon, 1996).
The general principles of how a team works apply for all levels of an organization, whether we are talking about a leadership team or a production team. According to Richard Hackman (1987), organizational teams can be divided along team and management responsibility. Usually, the team's common responsibility is to carry out the work that the team has been awarded. This common responsibility is something that is special for a team. In this connection, we are talking about a team with a team leader. If the team also leads itself, we obtain what is commonly called a self-directed team. In case the team in addition creates itself by selecting the members to be included in it we obtain a self-designed team. Such teams are often made up of members with diverse skills and experiences. Often the members are recruited from different parts of the organization since no single department can cover all competence areas. Examples of such teams are product teams, market teams, quality teams and customer teams. However, there are teams focusing on general management issues. These are usually referred to as self-regulating teams. The members of these teams are often recruited from the top management or from the board of an organization. According to Hambrick & Mason (1984), it is often the self-regulatory team’s cognition and values that determine the strategic choices of an organization (see also Finkelstein & Hambrick, 1996).

Normally, a self-regulatory team does not report to anyone. Generally, it can be said that the higher up in the organization a team is functioning, the more responsible it is for its own creation and design but also for its working processes and everyday tasks. It should be noted that all teams cannot be categorized in one of the four types as outlined above. There exist mixed forms of leadership and team responsibilities at all levels of the organization.

There are a number of important factors to consider when a team is to be designed. First, a team leader must focus on what the mandate is, that is, what the team's tasks should be. Once this is achieved, it is time to formulate the main goals of the team's work. In this context, it is often natural to specify the resources needed to achieve these goals. Another important task for the team leader is to compose the best possible team. Here, the leader must focus on both task-related and team-related skills (Cannon-Bowers, Tannenbaum, Salas, & Volpe, 1995). It is not always the case that these two skills are represented in one and the same person.

It is often an advantage if the team leader has the opportunity to meet potential candidates face to face. Then the leader can create a picture of the potential team members' qualities thus not needing to rely on what others say. Sometimes it is easier to focus on qualities you don’t want rather than on those you want. A leader should take into account the potential abilities of
potential team members. For example, analytical ability can sometimes be a more important feature than experience from a certain kind of industry. However, analytical ability both have positive and negative features that must be taken into consideration.

It is also important to think about creating diversity in a team. In addition to the mix of skills in the team, diversity also brings fresh new problem solving approaches to the team. These are needed in order to challenge assumptions that are easily taken for granted. Diversity can thus make the whole problem solving process appear more interesting for the team. True diversity can therefore strengthen the problem solving process and promote the development of individual team members.

When the team's composition is in place, it is time for the leader to think of how the practical work should be initiated (Zaccaro, Ritt Mana & Marks, 2001). In this context, four key issues appear to be central:

1. How shall the team organize itself in the best possible way?
2. What cooperation forms shall be used?
3. What mental processes exist in the team and how should one relate to them?
4. How will the leadership capabilities of the team look like?

An important role of the team leader is to allocate roles and tasks within the team. In this context, the leader should along with the team define the critical areas of responsibility as well as define individual responsibilities. Often, this results in negotiations with team members on responsibilities and accountabilities. When the organization is in place, it is important for the leader to focus on how the work will be initiated. The leader has two important functions in this context (Zaccaro, Ritt Manna, & Marks, 2001):

1. To obtain information and make it available in connection with problem solving.
2. To manage human and material resources.

Many organizations today seek to work with self-directed teams. In these teams the team itself becomes a kind of new management entity, in that it leads itself (Barker, 1993). In these teams a kind of collective culture is often created to protect against conflicts with
management and other employees in the organization. Such a culture can sometimes create a strong pressure on team members, using standards that are not always in line with what the leadership of the organization desires. Research shows that this collective awareness is central to the self-directed team in relation to its responsibility (the Leeds, Nijhof, & Fischer, 1999). There is also research revealing the relationship between self-directed teams and how effective they are (Ilgen, Hollenbeck, Sego & Major, 1993). Apparently, there are some problems in this area.

In their book *The Wisdom of Teams* (1993), Katzenbach and Smith give the following general advice to the good team leader:

1. Stick to the objectives, build trust and strengthen the complexity and skill levels in the team.

2. Choose relevant and meaningful practices and govern the relations with external partners.

3. Create opportunities for others and make a thorough job yourself.

These advice are to some extent also appropriate for so called transformational leaders, although some differences can be spotted (Anderson & Balzer, 1991; Jung & Avolio, 1999).

In their book *Management of Organizational Behavior* Paul Hersey, Kenneth Blanchard and Dewey Johnson identify four key decision-making styles that relate to their leadership model (Hersey, Blanchard & Johnson, 2008). The basic perspective is that the leader chooses decision making style depending on how far the employees have developed in terms of competence and motivation. The link to leadership development is therefore weaker in this model. The first decision making style is referred to as *authoritative decision making*. This style works well in situations where the leader has the necessary experience and information needed to draw the right conclusions. The employees involved are generally not active when the course of action is determined. For this reason, they do not know much about the decision until it is announced by the leader. It may for example be the case that an experienced leader is about to create a budget and that most of the employees in the department are new and have poor knowledge of budgeting work. Possibly, they are learning the basics but have not yet reached the point where they are able to assist the leader.

The second style is referred to as *consultative decision making*. This style is often used when the decision maker feels that the employees possess sufficient knowledge in order to be useful
in the decision process. Often, employees will have a willingness to help even if their knowledge is still limited. Then it is wise of the leader to consult employees before adopting the decision. In this way, there is a chance for the leader to obtain valuable information, while also creating motivation and commitment among employees. It is important that the leader makes it clear to employees that he or she listens to their concerns but that this does not automatically mean that consideration will be given to these when the decision is made.

The third style is referred to as *facilitating decision making*. Decision makers who use this style work together with their colleagues in order to reach a joint decision. This style works well in situations where employees have almost as much knowledge as the leader in key areas. It only applies for the leader to get the employees to appreciate this, and thereby produce self-confidence in them. The style is common in situations where highly skilled managers and employees work together without knowing each other very well from the past.

The fourth style is known as *delegating decision-making*. This style is often used when the leader feels that the employees are so knowledgeable and reasoned that they might as well take care of the decision itself. The leader can then delegate the decision and ask the employees to inform him or her on what the outcome of the process will be. In case a leader uses this style, it is an advantage if he or she knows the involved employees from the past.

One can finally ask oneself what determines if a team is to be considered effective or not. First, it should perhaps be defined what is meant by effectiveness in this context. The central issue is the team's performance in relation to given resources and set goals (Mahoney, 1988; Pritchard & Watson, 1992). Unfortunately, there is no consensus among researchers on a comprehensive measure of team effectiveness (Guzzo & Dickson, 1996). According to Hackman (1983), there are three ways to measure team effectiveness:

1. The team leader's assessment of what the team delivers.

2. To what extent team members are satisfied with the performance.

3. The degree to which team members have learned to work effectively in a team.

A thorough discussion of team leadership is to be found in Hjertø (2004).

*Action learning, sensemaking and decision making*
It can often be fruitful to combine formal leadership training with practical learning experience. Sometimes, the concept of action learning is referred to in this context (Margerison, 1988). However, this concept also refers to theories about adult learning (Jones, 1990). The basic idea is that leaders learn best through personal experience and by doing something active. This can be achieved when leaders share their experiences with colleagues and receive criticism and advice from them. The suggestions will then be followed up in action, and then evaluated together with colleagues. The main objective is that leaders learn by taking responsibility for their actions by participating in a small group of colleagues. The members work together to find solutions by learning from each other. This takes place in a climate of respect, support, encouragement and helpfulness. In a study conducted by Prideaux and Ford (1988) leaders who had worked in practice with action learning reported that the exercises had improved a number of different competences. These consisted of self-knowledge, self-control, proactivity, visioning, learning about their own learning, development of emotional strength, development of interactive skills, development of skills to work in teams, and development of analytical skills.

One of the key concepts of leadership today is sensemaking (Weick, 2001). The concept can be defined as the ability to create meaning in an uncertain situation. To be more precise, sensemaking implies a basic understanding of the complex and uncertain situations that make it possible to decide. It is important to remember that leaders learn to compete, survive and change only by understanding the context in which the organization and its employees operate in. Leaders share a common challenge - the need to quickly assess a constantly changing environment and to reconsider on the basis of new information and impressions. One might ask oneself how leaders can create an understanding of a world characterized by a lack of feedback and inconsistency. It is also enigmatic how they can understand and change their environment simultaneously. These key leadership challenges constitute the essence of sensemaking, that is, to discover new terrain while creating it.

According to Weick (2001) the reality of an organization is relative. It is therefore difficult to determine if an organizational decision is correct or incorrect. From this point of view, probability only represents one of many factors that can be used to determine a decision's quality. Whether a decision is perceived as correct or not depends largely on the perspective used when it is evaluated. People who work in organizations have their own perspectives on what is considered to be rational or not. The reality of the organization is socially constructed.
Together, different perspectives on rationality create an overarching system of meaning that can either be individual or shared by the group. The point is that it is these systems of meaning that dominate when decisions are made. For example, decision makers need both meaning and interpretation in order to set goals. To determine the importance of decision outcomes is therefore an interpretative process to a large extent. The bottom line is that in order to understand the decisions made in organizations one needs to understand which the existing rationalities are. (Cottages & Shapira, 2001; Hodgkinson & Sparrow, 2002; Vidaillet, 2008).

Sensemaking consists of five main tasks:

1. To observe.
2. To question.
3. To act.
4. To reconsider.
5. To communicate.

Thus, sensemaking implies to act in order to be able to think. By understanding their environment, leaders can learn to compete, survive and change.

A closely related concept has been introduced by March (1994) and is labeled the logic of appropriateness. From this perspective, all leadership acts are driven by rules for what is considered to be an exemplary behavior. These rules are followed because they are perceived as natural, real, foreseeable and legitimate. A leader therefore seeks to live up to the organizational expectations on the role and the identity. A leader’s actions are thus guided by what he or she thinks is true in various specific situations according to social and collective standards. For this reason, the consequences of a decision maker’s choice are not so important as a motivator for the individual leader as has previously been assumed (March, 1994).

The reason is that many organizations are subject to uncertainty which makes it difficult to determine both what the central problem is and also what actions or solutions might be appropriate (Cohen, March & Olsen, 1972). Organizations are therefore characterized by a large number of decision makers that make decisions that are often completely independent of
each other in situations that change over time. Cohen, March and Olsen have chosen to use the metaphor of the garbage can to portray these situations of organized anarchy. Streams of decision opportunities, actors, problems, and solutions are floating independently through the organization. As a consequence, it is difficult for the leader to obtain overview, control or influence over the decision making process and its outcomes. From this point of view action guided by sensemaking becomes imperative.

Leadership, decision making and wisdom

A weakness in modern leadership and decision making research is that there are very few studies that relate to the concept of wisdom. This is problematic at a time when every leader needs to improve his or her ability to improve decision making through insight and firmness of character. For example, it has been suggested by Vaill (1998) and Weick (2004) that the underlying principles of a leader's wisdom are based on flexible and intuitive methods. These principles are therefore extra suitable for the times that we are living in. In other studies it is pointed out that the wisdom of a leader is essential for more complex decision-making (Boal & Hooijberg, 2001; Whittington, Pitts, Kagel, & Goodwin, 2005).

An important requirement that can be set on wise leaders is that they must be able to articulate and understand logical arguments based on sound propositions. Despite this, they are often skeptics by nature. Therefore, they like to question the knowledge on which such propositions are built (Sternberg, 1990). In addition, wise leaders are often skeptical of facts in general. They also have a unique ability to select the facts that are critical to a given situation (Eflin, 2003). They filter and interpret the most relevant information from their own organization and quickly decide on which points they should act (Malan & Kriger, 1998). The key characteristic of wise leaders is their ability to better than others think carefully and logically. By doing this they often make better judgments and decisions.

Wise leaders are also good at dealing effectively with uncertain situations. Here, they differ from ordinary leaders who strongly dislike these situations and prefer safety (Aronson, Cohen, & Nail, 1999; Steele, Spencer, & Lynch, 1993). They also know that reality is constructed from different perspectives and that it is also historically positioned (Baltes & Staudinger, 2000). This understanding makes them better able to recognize and deal with uncertainty since they perceive the shortcomings of reason-based thinking (Bigelow, 1992). Most of them realize the limitations of human ability to process information and make
themselves and are skeptical about future predictions based on technological applications (Baltes & Staudinger, 2000; Sternberg, 1990). This creates an ability to detect patterns in organizations that change over time (Malan & Kriger, 1998). Thus, wise leaders have an ability to understand and come to terms with paradoxes, contradictions, and changes that occur in an organization (Bigelow, 1992). This in turn requires experience (Boal & Hooijberg, 2001). The key characteristic of wise leaders is the ability to understand contradictory signals and stimuli, and being able to make sensible and holistic interpretations of these (Malan & Kriger, 1998). They simply take into account non-rational and subjective elements when they make their decisions.

Another important dimension of wise leaders is that they often try to anchor their decisions in the context of an ethical value system. Performed acts must therefore be noble and make something good for people (Hughes, 2001). This approach is well in line with modern psychological theory in which ethical values are highlighted as important for achieving balance in all wise thinking (Sternberg, 2001; Sternberg & Ben-Zeev, 2001). They are considerate of others, seek just solutions, recognize their mistakes, and try to learn from these. They are also looking for humane and virtuous decision outcomes. The wisdom that these leaders represent is in addition essentially practical in nature and takes place in everyday life. It is hereby beneficial to the public welfare. This implies that they must adapt their principles to the current reality and know when and how these principles should be used.

The ability to communicate their judgments in decision situations to others is another characteristic of wise leaders. This ability can sometimes take on almost aesthetic qualities. This means that the articulation is so elegant that it satisfies the recipients most deeply rooted cognitive and affective needs. According to Baltes and Smith (1990) they are able to make good judgments and provide good advice on things that are perceived as both important and uncertain. They also have a unique ability when it comes to perceive the clues and make sense of the continuous interaction with others (Malan & Kriger, 1998). This implies that they have much easier than others to act as resource allocators (McKenna, Rooney, & Boal, 2009).

According to Sternberg (2001) wise leaders in most cases are able to apply a balanced mindset in the following activities:

1. The application of successful intelligence, creativity, and knowledge.
2. The attainment of a common good.
3. The consideration of both short-term and long-term perspectives
4. The consideration of intrapersonal, interpersonal and extrapersonal interests
5. The mediation of values
6. The adaptation to, shaping, and selection of environments

Conclusions

An important element of both leadership and decision making is the development aspect. Leaders develop in their decision-making by being confronted with difficult decision situations, but also through various forms of systemized training and education. However, different leaders tend to develop in different directions. For this reason, one can identify a number of key leadership styles based on different ways to lead on. These styles differ to what extent they suit different organizations. Some organizations require a strict and authoritative style, while others are in greater need of a more democratic, communicative and coaching style. A leader who has come a long way in his or her development has the capacity to switch between different leadership styles depending on how the situation develops, and need not necessarily be faithful to their original style.

In addition, there are a number of key roles that leaders in the capacity of decision makers are expected to cope with. These include the role of entrepreneur, problem solver, resource allocator and negotiator. In all these roles the decision maker must base his or her decision on clarity, conviction, courage, and communication.

Research shows that leaders who face severe adversity in their careers are often forced to make many difficult decisions. As a result, they develop. Being forced to make difficult decisions leads to reflection, self-awareness, and knowledge of own values. However, leaders also develop by communicating their problems in a structured way with more experienced colleagues. These can be placed in your own organization or work as consultants offering their services both as mentors and coaches. The aim of such communication is to get both young leaders and senior leaders to develop. Often, the organizations play an active role in these situations, but it is increasingly common for leaders to take their own initiatives to develop. For this reason, self-leadership has become an important and popular method. However, this form of leadership may be related to a group or a team. For instance, there is a close link between self-leadership and team leadership. A team can be like an individual, that
is, more or less autonomous. It requires a self-leader to lead a self-directed team, partly because an independent team needs an independent leader as a role model.

The fact that leaders develop by making difficult decisions leads to that action of various forms has a central role. It is by putting decisions into action that the leader develops but also by reflecting on what decisions could have been made. An action perspective on leadership decision is closely linked to the concept of sensemaking. Key leadership tasks based on sensemaking consist of observing, questioning, acting, reconsidering, and communicating. There is research indicating that reflection, critical thinking, intuition, ethics and communication are important dimensions of leaders and decision makers who are perceived as wise.

**Checklist**

1. Most leaders have a basic style that they use when they are leading an activity. How easy or difficult do you think it is to switch to a style that might not naturally be your own to meet the situational demands?

2. A decision maker must be able to handle the role as entrepreneur, problem solver, resource allocator, and negotiator. How can you train yourself as a leader in order to improve in each area?

3. How can you as a leader develop by profiting from mentoring and coaching? What impact does your development level have on the success of each method?

4. What are the key elements of self-leadership?

5. What are the key elements of team leadership?

6. How do self-leadership and team leadership fit together in decision making situations?

7. Is sensemaking a complementary or an alternative approach to decision making?

8. How can wise leaders and decision makers solve dilemmas in various situations? Please compare with existing leaders. Are there differences in the essence of wisdom in leadership and decision making?
References


Personnel Psychology, 45, 619-636.


