

Leadership and Organisational Performance: Have we been looking in the wrong direction?

Abstract

Although it is assumed that effective leadership behaviour has a direct impact on organisational performance, as far as we are aware, no empirical evidence has yet been put forward of statistically significant relationship between them.

This paper briefly reviews the literature on competency frameworks, which have dominated our thinking since the notion of 'competencies' was first developed in the 1970s. It points to questionable assumptions about the basis on which the competency approach is based, and quotes the research of two leading US psychologists, who concluded that "we see little evidence that these systems, in place for years now, are producing more and better leaders in organizations" (Hollenbeck et al., 2006, p. 399).

However, the paper then goes on

1. to point to the dangers of 'throwing the baby out with the bathwater'
2. to present reasons for expecting a link between organisational performance and an 'engaging' style of leadership
3. to present empirical evidence of a **cause-effect** relationship between 'engaging leadership' and performance, among multi-professional teams working in the NHS.

Thus, in a longitudinal study, specific behavioural measures of 'Engaging with Others' were found to be a significant predictor of productivity among a sample of 741 managers and professionals in 42 multi-professional mental health crisis resolution teams.

The paper concludes that, by concentrating exclusively on competencies, we have failed to pay enough attention on the way in which they are enacted. What 360-feedback and other tools need to focus on is not just '**what**' managers and professionals do (be competent), but '**how**' they do it (engage with others). The direction in which we haven't been looking is 'engaging leadership'.

Brief Comment on Findings

Although other researchers (including ourselves) have found significant links between leadership and staff attitudes to work and wellbeing at work, as far as we are aware, this is the first time that a statistically significant predictive link has been shown to exist between leadership and organisational performance, when allowance has been made for the impact of contextual factors.

As such, it provides empirical evidence of the validity of the instrument used.