

Developing Organizational Capacity for Leadership in a Context of Complex Challenge

Ellen Van Velsor, Ph.D.
Center for Creative Leadership
Greensboro, North Carolina 27410
(336) 286-4433
evanvelsor@leaders.ccl.org

Inquiries, Indices and Incommensurabilities:
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The field of leadership development is undergoing a shift from an exclusive focus on leaders to a broader understanding of leadership (Day, 2000, O'Connor & Quinn, 2003; Day & O'Connor, 2003). Evidence of this shift is increasingly noted in our practice, with organizations demonstrating a heightened need to develop more strategic, systemic, and boundary-crossing approaches to accomplishing leadership – particularly when facing volatile, uncertain, complex, and ambiguous contexts (O'Connor, Drath, Ernst, & Palus, 2003; O'Connor, 2003; Liu. and O'Connor, 2001; O'Connor, Martineau, & Newsom, 2001).

With a shift in the basis of leadership, we are recognizing a corresponding need for a practice of leadership development as relational work. One of the most recognized leadership development strategies involves identifying and developing individuals into positions of authority and then holding those individuals accountable for accomplishing the leadership tasks of an organization (Center for Effective Organizations, 2002). In stable and predictable environments, this strategy has merit. In volatile and unpredictable contexts, more fluid, emergent, work-based, relationally-focused approaches to development are being tested.

In our practice, we see clients struggling with leadership issues that we don't believe the development of individual leaders alone can address. One of the largest Catholic healthcare systems in the U.S. engages to understand and enact its mission as a tangible competitive advantage in order to navigate increasingly turbulent industry and societal changes. A governmental service agency, one of the largest organizations of any kind in the U.S., works to transform a 100+ year old approach to fulfilling its mission in

order to meet the challenges of an increasingly unpredictable environment. In order for these two seemingly different organizations to effectively face their respective complex challenges, they have both recognized the need to develop new practices and new ways of understanding themselves and their environments. And rather than looking to their formal strategic leaders for this understanding, they are creating challenge-focused action learning leadership practice fields to develop this understanding as a collective. This stands in contrast to perhaps the most widely-held understandings of leadership and leadership development, which recognize the formal leader as the *source* of leadership and the followers as *receivers* of the leadership provided by the leader (Drath, 2001).

Why have these organizations chosen to engage in an obviously less traditional approach to leadership? As work is shared across boundaries of function, organization, and industry, as well as culture, distance and time, the crafting of a unifying direction through a leader-follower influence process becomes less attainable. Because of the limits of interpersonal influence, we are beginning to see more evidence of interdependent practices as the basis for enacting and developing leadership in organizational systems.

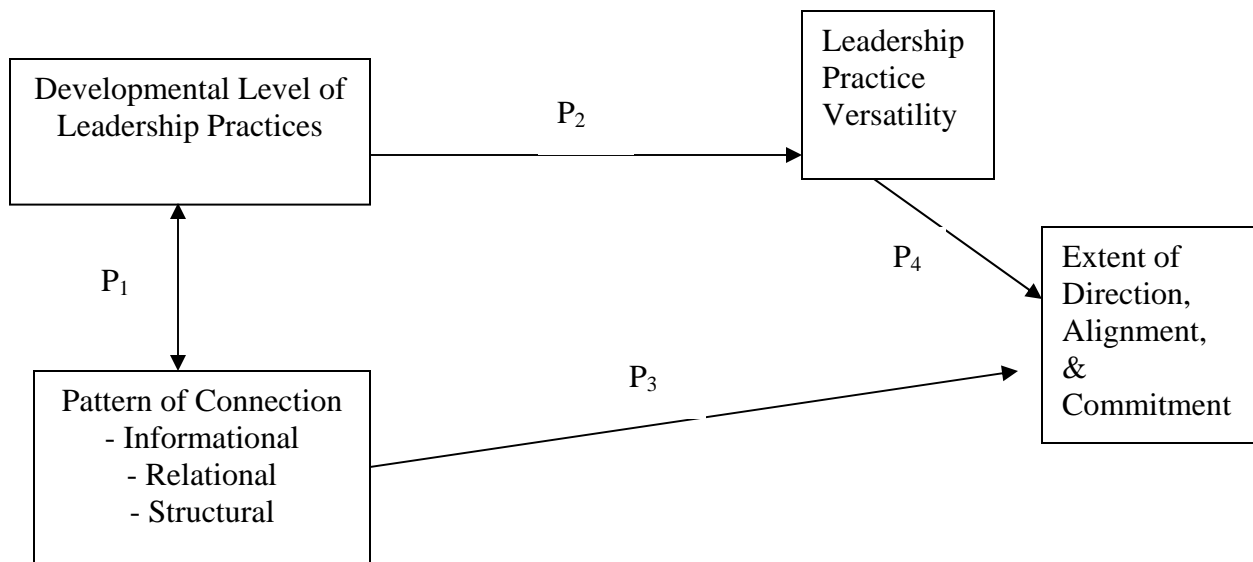
This paper will report on a theory-based practice being developed at the Center for Creative Leadership to enhance an organization's capacity for leadership in a context of complex challenges. We define complex challenges to be those challenges for which there are no existing tools to address, there is no agreed upon solution, nor is there shared understanding of the challenge's quintessential aspects (i.e., adaptive challenges, Heifetz, 1994). Complex challenges are challenges that require development – individual development, group development, and system development) to overcome. The paper will first elaborate the constructs being used and the propositions we intend to test, and then

will turn to an explanation of some of the approaches we are testing to call forth and develop new forms of leadership in organizations.

Theoretical Model and Constructs

Figure 1 illustrates our working theory of organizational leadership capacity in a context of complex challenges. It is followed by a description of associated constructs and research propositions.

Figure 1: Organizational Leadership in the Context of Complex Challenges



Core Constructs & Propositions

Leadership practices: Leadership practices are the recognized, repeatable, shared processes (i.e., organizational routines) individuals, groups and organizations use to set (and re-set) direction, create alignment, and build commitment.

Developmental level of leadership practice: We hypothesize that leadership practices fall along a developmental continuum from dependent (followers depend on the leader for leadership) to independent (leader is the person with the most influence; followers are engaged in influence process with leader) to interdependent in nature (leadership as a collective, social process). Interdependent practices are the most developmentally complex level, and, as such, transcend and include the (developmentally) “lower-order” practices. Constructive-developmental theories (Kegan & Lahey, 2001; Kegan, 1998; Torbert, 1987; Hall, 1994) are a guiding force in our work; however, we are most interested in how this work can inform an articulation of *more developed practices* rather than *more developed individuals*.

Patterns of Connection: An organization’s (or group’s) social network structure resulting from cognitive, relational, and structural connections (i.e., ties) and disconnections (i.e., structural holes). Informed by social capital theory, we examine the value these relationships bring to the accomplishment of leadership. The areas of this literature that focus on how patterns of relationships impact organizational outcomes are of particular interest (Burt, 2000; Tsai & Ghosal, 1998).

Proposition 1: Patterns of connection influence and are influenced by the developmental level of leadership practices.

Versatility: Versatility is conceptualized as a direct result of developmental level of leadership practice and is demonstrated through an organization’s repertoire of established practices for accomplishing the leadership tasks. Traditionally, setting

direction, creating alignment, and building commitment are carried out through the management or leadership hierarchy, although that is just one of many possible leadership strategies an organization might use to accomplish collective work.

Organizations that are able to carry out the leadership tasks in multiple ways (e.g., have greater versatility than those with a developmentally “lower order” and more limited set of practices (O’Connor & Quinn, 2003).

Proposition 2: More developed forms of leadership practice are associated with greater versatility in the use of those leadership practices.

Organizational Capacity for Leadership (OCL): The extent to which an organization demonstrates an ongoing capacity to enact three basic tasks needed for collective work: (1) setting direction, (2) creating alignment, and (3) building commitment. We see leadership development as the expansion of an organization’s capacity to enact the basic leadership tasks needed for collective work (Van Velsor & McCauley, 2003).

Proposition 3: Patterns of connection have a direct effect on the extent of direction, alignment, and commitment (i.e., on organizational leadership capacity)

Proposition 4: The more developed and more versatile an organization’s leadership practices, the greater the extent of direction, alignment, and commitment in a context of complex challenge (i.e., the greater the organizational leadership capacity).

The main focus of our empirical work at the present time is on developing measures for the constructs in our model and testing those, as they become available, in the context of our client work. We have developed preliminary measures of the “patterns of connection” construct, as well as a survey designed to get at the “extent of direction, alignment and commitment”. So currently we are preparing to begin a test what we are labeling proposition 3. Next steps in our research will be to complete the preliminary development of a measure of “developmental level of leadership practices” (based partly on theory and partly on observation of teams doing real work in organizations), and to test (using observational methods) whether groups exhibiting more complex forms of leadership do indeed show more versatility in the use of a range of practices (proposition 2). We can then also test propositions 1 and 4.

Leadership Development Practice: Calling Forth An Evolution of Leadership

In our practice work with clients, we are simultaneously collecting data to test our theoretical model, creating leadership development practices that call forth new forms of leadership, and attempting to observe and document what forms these new leadership practices may take. Some of the approaches we have found useful in our work include:

- Using *action learning project teams* (a) as part of a broader organizational change effort, and/or (b) to develop the organization’s ability to bring diverse perspectives together in solving complex business issues.
- Facilitating leaders *interacting in inclusive and honest ways for mutual learning and aligned action*.
- Supporting people from different groups (e.g., functions, geographies, businesses) in learning to *engage collaboratively across boundaries*.

- *Developing leadership practices in the context of business challenges and emerging business strategies.*
- *Examining the collective processes people use to set (and change) direction, create alignment, and generate commitment.*
- *Providing a practice field for interdependent work and the development of new leadership systems and strategies at the organizational level.*

We will be collecting longitudinal qualitative and quantitative data as part of our customized client interventions, designed to increase the developmental complexity and versatility of leadership practices. These data will serve the multiple purposes of evaluating our interventions, testing research hypotheses, and discovering other variables of potential importance for a more comprehensive theory of organizational capacity for leadership.

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