

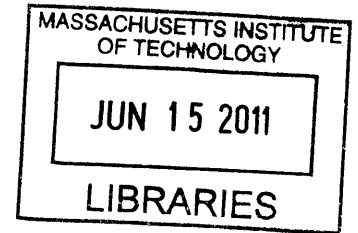
**LEADERSHIP DEVELOPMENT AND ITS EFFECTS
ON ORGANIZATIONAL PERFORMANCE**

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ARCHIVES



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by

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ABSTRACT

The current environment demands a better quality of leadership in organizations. In order to improve leadership capabilities, companies can create leadership development programs. However, not all companies embrace leadership development programs. Those who do usually have several types of programs and treat these programs as part of their strategic plan to address challenges that companies are likely to face in the future.

Reviewing the leadership research, I find there is a positive relationship between leadership development programs and organizational performance. Reviewing the leadership program research, I find that most leadership development programs were created in response to significant challenges organizations were facing.

I present the MIT Sloan Fellows program, as an alternative program that some companies and individuals are choosing for leadership development. The program uses the *Four Capabilities Model* as a leadership theory, focusing on the tasks and capabilities needed of leaders.

I administered two surveys to the Sloan Fellows Class 2011. Surveys results suggest some of the benefits the program provides to individuals and organizations. Among these findings, my evidence shows that a higher percentage of “leader companies” have leadership development programs, in contrast to “follower companies” that usually do not have leadership development programs.

Thesis Supervisor: John Van Maanen
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CHAPTER 1. INTRODUCTION

1.1 Motivation and Objectives

As an Industrial Civil Engineer, my goal is to lead an organization, to apply the technical skills I developed during six years at university, and to become a successful manager. The most difficult challenges I have faced so far in my eleven years of work experience—six as CEO of Refricentro S.A., a Chilean engineering company—were not caused by complex technical issues. Rather, the biggest challenge was to become a strong leader who could develop a successful and profitable path of growth for my firm.

Despite the successes achieved to date, the tasks of leadership remain tough. Sometimes I feel my personal leadership skills are insufficient, and I know I need to improve my ability to lead in order to obtain better results for the firm. To realize these goals, I applied to the Sloan Fellows Program in Global Leadership and Innovation at MIT.

1.2 Purpose of Thesis

My reason for writing a thesis is aligned with my personal goal to become a better leader and to understand the relation between leadership development and organization performance. My objective is to obtain a comprehensive understanding of why leaders are important, what companies can do to develop leadership, and to learn if developing leaders is good for individuals as well as for organizations.

During this year spent as part of the Sloan Fellows program and creating this thesis, I have discovered how deep, broad, and complex is the topic of leadership. The literature is full of theories, best-practice recommendations, authors, books, research, and articles about

leaders and leadership. However, literature related to the relationships between leadership and performance is scarce, and few studies have been undertaken.

In my own research, I found literature about what successful companies are doing to train their executives and develop leaders. In addition, the relationships built within the cohort of Sloan Fellows gave me a global perspective on these practices and cultural beliefs. I discovered that not all organizations are concerned about leadership development. Hence, in this thesis, my hypothesis is that leadership development is a critical and strategic task that all organizations should pursue.

1.3 Thesis Outline

In Chapter 2, I provide an overview of the leadership literature, and review some definitions and theories. I provide examples of the effect of leadership on organizations. I present the leadership framework developed at MIT, which I will use later in the thesis to define leadership and leaders' behavior. Finally, I describe tools developed at MIT to measure leadership capabilities at the individual level.

Chapter 3 discusses the concept of leadership development, focusing on programs used for this purpose. Various examples of leadership development in several well-known companies are discussed briefly. I end with a literature review on measuring return on the investment for these types of programs.

In Chapter 4, the relationship between leadership development and organizational performance is presented. I review two meta-analysis studies, as well as leadership publications obtained from databases available at the MIT Library.

Chapter 5 is an in-depth analysis of the Sloan Fellows Program, which I use as an example of a U.S. university program that features leadership training as one of its core activities. In a survey of the Sloan Fellows Class of 2011, my goal was to identify and understand leadership development activities in each organization that sponsored a Sloan Fellow this year.

The final Chapter provides a summary and some conclusions obtained from my study of leadership, followed by ideas for future research on leadership.

CHAPTER 2. LEADERSHIP

2.1 Definition and Literature Review

Leadership is a broad topic. Since ancient times, leadership principles, responsibilities, traits, morals, ethics, and behavior have been widely described, and the topic remains relevant in every culture. With more than 154,000 links on Google and over 66,500 books available on Amazon, it is apparent that concept of leadership continues to be popular (Bass, 2009). In fact, today's business environment demands an even better understanding of leadership. A "VUCCA"¹ world surrounds us, new forms of organizations have evolved, yet the strategic advantages that flow from strong leadership remain critical (Van Maanen, 2010 a). The leader's role in the workplace is to create a valuable organization that survives over time (Kouzes & Posner, 2002).

Leadership has been defined in many ways. I have adopted the definition created at the Globe Project (Calgary, Canada, 1994), a global meeting of 84 social scientists from 56 countries: "*Leadership is the ability to influence, motivate and enable others to contribute to the effectiveness and success of the organization of which they are members*" (Bass, 2009, p 23). Yukl and Lepsinger (2004) describe several different types of leadership: heroic leader, born leader, and celebrity leader (see Exhibit 1: Myth About Leaders (Yukl & Lepsinger, 2004).).They also discuss the differences between leaders and managers.

There are significant differences between leaders and managers, although both roles can be held by the same person. The person who is not a leader but merely a manager does not envision an attractive future for the team; does not encourage team members to improve

¹ VUCCA is defined as V: volatile, U: uncertain, C: complex, C: chaotic, A: ambiguous.

their performance; likes to control outcomes; and does not allow others to make their own decisions (Bass, 2009). Management relates to the status quo; leadership is about change. Not everyone can be good at managing and leading at the same time (Kotter, 2007).

Leadership is a contextual process involving interrelations between people and situations. When analyzing leadership, it is difficult to create a unique and non-biased theory or framework (Walter & Waldman, 2003; Schein, 2006).

Other studies focus on the personal skills required to lead. Goleman (1998) found that good leaders usually have a high degree of “emotional Intelligence”. Emotional intelligence has five components: self-awareness, self-regulation, motivation, empathy, and social skill (see Exhibit 2). Goleman emphasizes the importance of emotional intelligence at the upper levels of a hierarchy because, at that level, he says technical skills have little relevance.

A summary of representative leadership theories are presented in Table 2-A.

Table 2-A: Representative Leadership Theories

Leadership theory	Type	Characteristic
Implicit Theory (ILT)	Cognitive	People have in mind a different concepts of leadership. Leaders’ prototype.
Grounded	Cognitive	Leaders are whomever people define as leaders.
“Great man”	Biological-genetic	View of leaders based on “models” as used in training and development program
The Warrior Model	Biological-genetic	Wars are won or lost depending on the leadership of the opposing forces.
Transactional	Traits	Leaders influences by setting goals, specifying desired outcomes, exchanging rewards or accomplishments.
Charismatic – transformational	Traits	Leaders provide confidence to followers to perform beyond the expectations, broadening and elevating their goals.
Servant	Traits	Leaders need to curb their egos, convert their followers into leaders, and became the first among equals
Emotional Intelligence	Traits	Leaders that rely on 6 or more emotional intelligence capabilities are more effective than peers with the lack of that strength
Rationale-deductive	Situational	Some styles are most likely to succeed in a given situation

Sources: Bass, 2009; Goleman, 1998. Adapted by author.

2.2 Effects of Leadership in Organizations

There is no common point of view among studies addressing the effects of leadership on organizations. Some scholars argue that leadership matters; others argue that it does not (see, for example, Nohria & Khurana, 2010; Pfeffer, 1989; Kotter, 2007; Bass, 2009).

Several researchers however have found that good leaders have a positive impact on organization performance (see, for example, Hambrick, 2009; Nohria & Khurana, 2010; and Wasserman, Bharat, & Nohria, 2010).

Does the quality of leadership matter? Some evidence suggests that it does. Two examples come from major changes in the auto industry. Daimler-Benz merged with Chrysler at late 1990s when both were considered among the best and more profitable companies in the industry. Analyzing the outcome following the merger, it was apparent that the leaders at Daimler-Benz and Chrysler made a poor decision since the merger did not have the intended results (Badrtalei & Bates, 2007). On the other hand, the transformation of Nissan under the leadership of Carlos Goshn (2002) was a success that dramatically improved the company's profitability. Yukl and Lepsinger (2004) claim that differences in the quality of leadership among companies explains differences in performance. Leaders improve organizations by shaping a common vision, both empowering and enabling subordinates to create a highly adaptive organization (Bass, 2009), and by facilitating excellence in others (McFarland, et al., 1993).

Leaders also have an indirect impact on the organization, by shaping employee interpretations of what goes on in the organization. These interpretations in turns influences the organizational outcomes (Bass, 2009). Herzog (2007) agrees, indicating that in some global corporations, the lack of leadership is one of the biggest constraints to growth and

solving the most important business problems the firm faces. Leadership allows companies to maintain flexibility and therefore adapt to changing environment.

A study of 3,871 firms and a survey of 20,000 executives² found that 87% of leaders with high emotional intelligence were in divisions that outperformed the company's annual goal by 15 to 20%. Divisions managed by individuals who had less emotional intelligence under-performed by 20% (Goleman, 2000). The Goleman framework is shown in Exhibit 2. A similar finding reported by Herzog (2007) who found that in less-complex environments, high performers outperformed average performers by 20% and in more complex environments, this percentage rose to 50% (Herzog, 2007).

Wasserman, Bharat, and Nohria (2010) analyzed 531 companies from 43 industries over the period 1979 to 1997. Using firm performance (ROA) as the dependent variable and year, industry, company, and leader (CEO) as independent variables, they found that the effect of the leader accounted for 14.7% of the variance in company performance. The framework he used in this study is summarized in Exhibit 3.

However, CEOs can also have negative effects on company performance. Conger (2007) writes about "The Dark side of Leadership" (see Exhibit 4). Other scholars have pointed to leadership liabilities as well (Collins, 2001; Badrtalei & Bates, 2007). Some have found that large top-management teams and less dominant CEOs do better in a turbulent environment. The team-approach apparently provides superior information and better information processing capabilities, and thus counterbalances the CEO's perspective (Haleblian & Finkelstein, 1993).

² Consulting firm Hay/McBer. (Goleman, 2000).

Wageman and Hackman (2010) point out that top management teams (TMT) are responsible for exercising leadership in a social system. The TMT allows the development of new leaders in the organization, and provides coaching and personal skill development among participants. The existence of a leading team suggests there will be a smooth succession to the CEO position, a characteristic that is more often found in companies with good long-term performance. D. B. Collins (2002) found a positive correlation between long-term performance and the development of leaders.

If leadership is distributed through levels of the organization, a significant leadership role is based in the Middle Manager (MM). In a 25-company survey, Wooldridge & Floyd (1992) found a strong positive correlation between the performance of firm and the use of MMs in the strategy development process.

Aligning leaders across the organization is another issue that affects organizations. Bolton, Brunnermeier, & Veldkamp (2010) found that leaders across the organization have their own “utility function” that drives their agendas and goals. Thus, organizations need to align these utility functions with organization goals. Schein (1996) states that the lack of alignment among groups can obstruct change and learning in an organization. Hence, the need for alignment suggests that leaders must generate a common vision.

O'Reilly, et al. (2010) measured the effectiveness of units in healthcare organizations through patient evaluations (50,000+) and physician surveys (313). The authors found that the aggregate effect of leadership at three levels (department chief, physician in charge (PIC), and unit CEO) was highly and positively correlated with improvement in patient evaluations over time. The highest patient rating occurred when the CEO and the PIC were considered

effective leaders. In other words, the overall quality of leadership in different units was responsible for “customer” (patient) satisfaction.

As these studies suggest, leadership is a vast and extensive subject. There are multiple theories, interpretations and valuations. Its highly contextual nature increases the difficulty to understand it and hinders the development of methods to measure it. But, I do believe that leadership has an impact on organizational outcomes and leadership is distributed throughout the organization. Thus, the quality of leaders affects organizational performance.

2.3 Leadership Framework

Several professors at MIT have developed a leadership model focused on the tasks and capabilities of leaders. The framework is called “*The 4 Capabilities Model*” (Ancona, et al., 2002). The model assumes that leadership in organizations is always distributed, is personal, is good management, and is about change. The framework’s four capabilities are outlined and briefly described in **Table 2-B**.

Table 2-B: The Four Capabilities Model

The 4 Capabilities	Definition	Recommended actions
Sensemaking	Process of coming to understand the context. Create a map that even for a moment, describes the current landscape	<ol style="list-style-type: none"> 1. <i>Explore the Wider System</i>: Use many types and sources of data, involve others, learn from the front line, successes and failures, study competitors, customers and outsiders to get new ideas about the business 2. <i>Map the System</i>: Recognize patterns across disparate pieces of information and viewpoints, Extract key message from, create a representation of the system 3. <i>Act and Update</i>: Learn from small experiments, update the view of organization based on new information
Relating	The ability to engage in inquiry, advocacy, and networking	<ol style="list-style-type: none"> 1. <i>Inquiry</i>: Take the perspective of others, encourage the expression of diverse opinions, withhold judgment while listening to others 2. <i>Advocacy</i>: Make thinking clear, persuade others to consider ideas and proposals, negotiate win-win solutions to problems, 3. <i>Networking</i>: Develop relationships with people needed on the “inside”, develop relationships with people needed on the “outside”, cultivate a network to offer and receive help in accomplishing goals
Visioning	Creating a compelling image of the future	<ol style="list-style-type: none"> 1. <i>Creating Vision</i>: create a compelling image of new possibilities for the organization, set high expectations for what the organization can do, articulate a vision that addresses key challenges and opportunities, frame the vision with core values and broader goals 2. <i>Energizing</i>: communicate how each one and group can contribute to goals, use symbols and stories that communicate the vision, display enthusiasm and support for vision
Inventing	Capability to create the process and structure to develop the vision	<ol style="list-style-type: none"> 1. <i>Innovate</i>: Invent new structures and processes to get work done, encourage people to experiment and take risks, act as role model for new ways of thinking and acting, 2. <i>Build Momentum</i>: tackle problems quickly (from easy to tough), celebrate success in early change efforts, learn from initial efforts at making change 3. <i>Execute</i>: create an action plan to meet key goals, build coalition of support for change, implement change using a variety of tactics, modify systems or structures only after they are shown to work, respond to unintended consequences of the change process quickly

Source: MIT Center for Leadership (2011).

The model assumes that every leader is “incomplete”. Thus leaders need to work with others in the organization, wherever “expertise, vision, new ideas, and commitment are found” (Ancona & Bresman, 2007). This assumption is supported by several authors and some of their arguments are presented below.

Most scholars agree that the complexity of today’s environment implies that no single leader has the enough skills or experience to manage all the challenges they face (Wageman, et al., 2008; Wooldridge & Floyd, 1990; Ancona, 2002). It is not possible for one person to make all the right decisions at the top that will be implemented and supported by the rest of the organization (Senge, 2006). Organizations have multiple groups and resources are spread throughout the firm, hence leadership is spread among them also (O’Reilly, et al., 2010).

A widespread assumption among leadership researchers today is that leadership is not concentrated at the top. Organizations today are flatter and more flexible than in the past. They are based upon informal and collaborative teams with decentralized accountability. Leadership is therefore distributed (Mc Farland, et al., 1993). In today’s economy where innovation, technology, and market change are critical, no one person can effectively lead a company (Ancona & Bresman, 2007).

Senge (2006) developed the concept of an “ecology of leadership,” reinforcing the idea of distributed leadership. He identifies three types of leaders in organization, as follows:

- *Local line leaders*: who integrate innovating practices into daily work.
- *Internal network leaders*: who are helpers, carriers and connectors
- *Executive leaders*: who shape the overall environment for change.

The emphasis on distributed leadership arises for three reasons:

1. Organizational structures are loose, spread out across the system with multiple alliances rather than multilevel centralized hierarchies.
2. Organizations are highly dependent on complex, externally dispersed and rapidly changing information.
3. Tasks at the team level across the organization are increasingly interwoven with other tasks inside and outside the organization. (Ancona and Bresman, 2007)

I believe leadership must be developed and supported by companies. In today's "new organization" (i.e., more networked, flatter, flexible, diverse, and global), decisions are made at different levels. Information is spread throughout the organization and front-line employees and middle managers are closer to customers (Yukl & Lepsinger, 2004). Thus, distributed leadership helps companies bring a wider pool of expertise to proving solving and decision making. Therefore, I believe leadership must be improved at all levels of an organization.

2.4 Leadership Measurement

Many of the approach to leadership discussed above do not provide tools for measuring the level or quality of leadership. However, the model developed at MIT has a tool that can help organizations measure the ability of their employees to lead. This is a significant resource for leadership development. I believe the four capabilities model is a powerful tool for companies to describe in a practical way, what leaders need to accomplished, reducing the complexity and ambiguity existing around the leadership concept.

To measure the quality of leadership, the Leadership Center at MIT created a “360-degree” questionnaire that gathers information regarding the four capabilities. The assessment was created by LXT Group (2010) and is used as a feedback device for those attending the MIT Sloan Fellows Program. The assessment provides data on the following dimensions:

- Sensemaking
- Relating
- Visioning
- Inventing
- Leadership signature
- Performance

Using this tool, each student asked former managers, peers, direct reports, customers, and other to evaluate the student’s leadership abilities. A gap analysis was prepared and presented to each student to show similarities and difference between their self assessment and the evaluation by others. This feedback allowed students to reflect on their work experience in their former organization and, then, select areas where they wanted to improve.

A coach helped the students interpret the report and guided them through the personal reflection needed to plan future development. Although this tool is a powerful mechanism to measure the level of leadership quality, there was no longitudinal data collected at MIT that would allow leadership to be correlated with organizational performance.

Despite the various opinion about the effect of leadership on organizational outcomes, most of the studies I have reviewed show evidence that support a positive effect between high-quality leadership and organizational performance. In the next chapter, I present the challenges most organization face when trying to improve their leadership capabilities and the types of programs they use for leadership development.

CHAPTER 3. LEADERSHIP DEVELOPMENT

Leadership development includes both training and education. These programs provide experiences that enhance the four capabilities needed to lead. Day and O'Connor (2001) define leadership development as “expanding the collective capacity of organizational members to engage effectively in leadership roles (with or without formal authority) and process (to enable a group of people to work together in a meaningful ways).

3.1 Literature Review

Leadership can be taught and learned. This statement is supported by most leadership scholars (see, for example: Bass, 2009; Goleman, 1998). Models, action learning, reflection, conversation, and doing are some of the methods available to train people in leadership skills.

The process of leadership development is not particularly clear, however, despite the significant resources that companies allocate for leadership training. Kemptser (2009) estimates that US companies spent \$60 billion on leadership training in the US in 1999. Avolio et al. (2010) found that leadership development is the least explored subject in the leadership landscape. They point out that in the last hundred years, only 200 articles have been written on the impact of leadership intervention and less than half that number focused on leadership development. Day & O'Connor (2001) detail some reasons for this lack of understanding:

1. Lack of opportunity to study this effect in the long term.
2. Most studies are focused on discrete events.

3. Lack of evidence to support the proposition that systemic approaches generate greater returns to organizations.
4. Leadership development has received little scientific attention, since experiments (i.e., with control groups and independent variables) are difficult to do.

Some authors (Cogliser & Scandura, 2001; Floyd & Wooldridge, 2004; and Herzog, 2007) say that organizations are facing a leadership crisis owing to such factors as:

- massive retirements
- lack of planning for executive succession
- elimination of middle-management positions that has reduced the number of executives available for top-management positions
- increasing use of self-directed teams
- low priority given to leadership training compared to other organization projects
- short-term view.

A survey conducted by Herzog (2007) found that only 47% of executives favorably evaluate their organization's approach and support of training. According to the American Society of Training and Development data, overall expenditures per employee for training have remained steady at about \$820 since 2002, for all types of training. In a private survey of one electronics company, 50% of sales manager stated they "Do not have time to develop my employees"; 50% of employees qualified for promotion said they "Have no time to work

on my development plan'; and 60% said they "did not have an actionable development plan" (Adair, 2005).

Cogliser and Scandura (2001) stated that in many cases, succession to leadership positions has failed due a lack of internal leadership development, combined with a trend of hiring outsiders to fill leadership positions. In 2004, Herzog (2007) conducted a survey of 276 large corporations and discovered that only 20% were satisfied with the top management succession process in their firm.

Organizations are apparently short of leaders (Adair, 2005). The UK Institute of Management (Home & James, 2001) surveyed 1,500 managers and reported:

- 51% of managers thought their employers gave low priority to leadership development
- 46% said there was no specific budget for leadership training in their organizations.
- only 25% said their firm had a clear and articulated framework for leadership development.

Hambrick (2009) argues that firms that invest in leadership training are better prepared for organizational change, and thus perform better in a turbulent environment. Herzog (2007) indicated that when companies fail to developed top-level leadership, the company's vision is lost and its strength is diminished, Herzog notes also that firms who hire leaders from the outside have a higher rate (35%) of failure compared with companies that promote from within (24%).

Companies follow different strategies for developing leadership. But, according to Conger (2010), most have had problems. The problems include:

- lack of rewards and ongoing support
- few resources dedicated to leadership development
- limited opportunity for professional coaching from senior executives
- the focus changes frequently as each new CEO favors a different program.

The leadership dearth seems so widespread to some authors that they suggest the use of leadership substitutes to overcome this problem, such as:

- explicit rules, procedures and rigid reward structures (Vecchio, 2007).
- strategies to improve leadership weakness (Howell, 2007).

This approach suggests that there remain skepticism as to whether or not leadership can be learned. Some studies have found that leadership training produces only small effects (Burke & Russell, 1986). Other studies suggest that leadership training can be highly focused and successful. For example, Burt and Ronchi (2006) found evidence that executive training can be precisely aimed at specific skills and thus help executives understand and work more effectively within an industry or organizational network.

Leadership development can have, according to Conger (2007), positive outcomes if they help managers understand the role of leaders in the organization. He argues that leadership development should allow for the “spread of vision and culture” throughout the organization as leaders go through job transitions.

Some authors make distinctions between leadership training, education and development. (Ayman, Adams, Fisher, Hartman, 2001; Kempster, 2009). Nadler (1984) presents a helpful table.

Table 3-A: Leadership Program, Timing and Target

Type of program	Timing target	Task target	Time required
Training	Present	Present job	Short term -defined
Education	Future	Defined career	Mid term - relative
Development	Future	Not defined job	Long term -undefined

Source: Nadler (1984)

3.2 Types of Programs

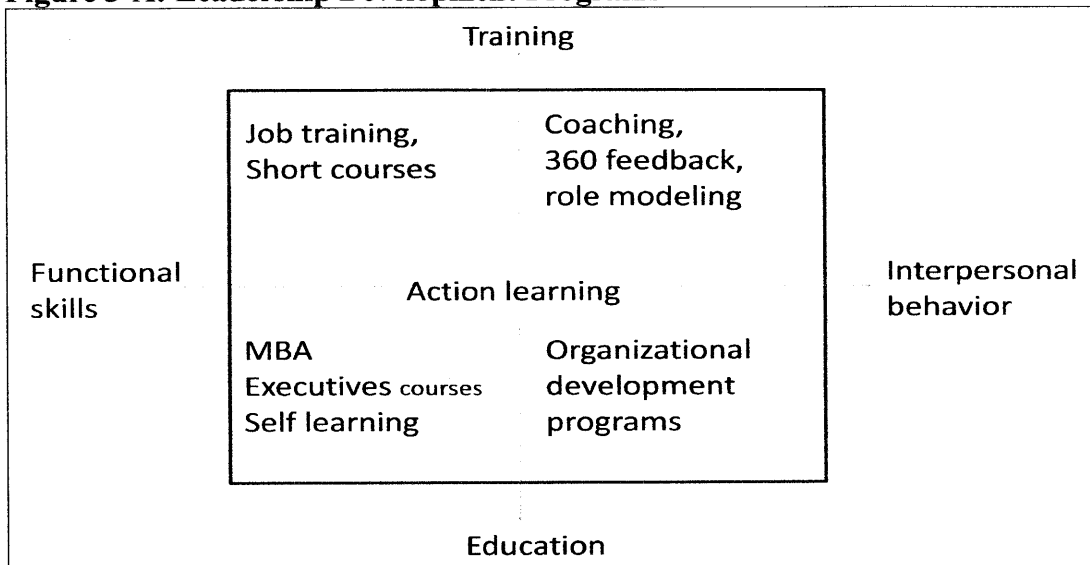
Leadership development in organizations has experienced significant changes over the last few decades. Conger (2010) reports that during the 1960s and 1970s, mid-level and front-line manager were trained primarily in workshops offered by specialized outside vendors or by in-house training department. In some cases, senior executives were given the opportunity to attend leadership programs offered by top-tier universities.

Today more companies rely on in-house and tailored programs that often include expert speakers or university professors. In these programs, the core of the training is based on issues the company believes need to be addressed (Conger, 2010). The emphasis is on “quick results.” Conger classifies leadership programs in four categories:

1. leadership training through personal growth
2. leadership development through conceptual understanding
3. leadership development through feedback
4. leadership development through skill building focused on leadership competencies that can be taught.

Kempster (2009) identifies different types of programs in Figure 3-A below.

Figure 3-A: Leadership Development Programs



Source: Kempster, 2009

Adair (2005) identified seven principles that define a “comprehensive” leadership development program. These include: training, selection, leaders as mentors, opportunities to lead, education for leaders, a strategy for leadership development, and CEO involvement. In Adair’s view, these are complementary.

Many books present “best practices” for leadership development. Fulmer and Goldsmith (2001) identify what they believe are the six best-practices companies: Arthur Andersen, General Electric, Hewlett Packard, Johnson & Johnson, Royal Dutch Shell, and The World Bank. Those authors found a wide range of practices, but all of them were tightly connected to the specific organization culture. However, among the six companies, Fulmer and Goldsmith praised, Arthur Andersen was later found guilty of criminal charges as a result of its fraudulent audit in the 2002 of the giant energy company Enron.³

³ For further information, see: <http://en.wikipedia.org/wiki/Arthur_Andersen>.

3.2.1 In-house and Ongoing Work Programs

Day (2001) offers a look at in-house leadership development, pointing out their main strengths and weaknesses (see Exhibit 6). The specific practices he looks at include:

- 360 degree feedback
- Coaching
- Mentoring
- Networks
- Job assignments
- Action Learning

Although these practices are widely used, some authors are skeptical of their value. Atwater, Brett, and Waldman (2001) showed some unintended negative consequences that appeared following 360-degree feedback efforts. These negative outcomes include reduced effort, dissatisfaction with raters, and decreased commitment to subordinates. This type of program is frequently used for appraisal purposes, despite the fact that it can generate a negative response.

Action learning programs are another development method. Conger and Toegel (2001) indicate that these programs have flaws associated with being a singular learning experience. They also point out that there are often weak links between the action learning project and leadership challenges; a lack of real opportunities to reflect on the learning experience; a limited emphasis placed on team solutions and learning; and a poor follow-up on project outcomes.

Conger (2010) notes that in-house leadership program (see Exhibit 7) typically focus on: individual skills, socialization of the corporate vision and values, strategic interventions that facilitate a major shift throughout the organization, and targeted action learning designed

to address specific organizational challenges and opportunities. He criticizes traditional classroom types of leadership program, claiming that classroom training is less effective than in-house action learning projects. However, Herzog (2007) would argue that if the action learning program does not incorporate individual development plans, stretch assignments, and regular meaningful feedback, it is less valuable. Herzog believes that if development relies only on supervisory development, it usually does not work.

GE is well known for its in-house leadership training program. GE developed its Business Management Course (BMC) in 1954. The program lasts four weeks and participants are organized into small groups. Each group makes proposals for changes to the organization. The BMC was one the first active learning programs developed inside organizations and has been widely imitated by other companies.

3.2.2 University Programs

A number of universities now offer some type of leadership program, with some built into the university MBA program. Conger (2010) points out, however, many organizations are frustrated by the results obtained from traditional, lecture-based, classroom training programs. He found that these programs, at best, only partially prepare leaders for 21st-century problems and have little impact on personal development.

Despite this criticism, other researchers have found positive outcomes associated with leadership programs in higher-education institutions. Ayman, et al. (2001) look at universities, colleges and other organizations that have leadership development programs as an option for undergraduates (see Exhibit 8). The authors describe these programs and offer guidelines for improvements. The leadership programs they studied demonstrated a

significant number of positive attributes. These programs use multiple approaches for delivering program content and provide opportunities for students to apply their leadership knowledge. Their deficiencies include an absence of leadership theory, the lack of individualized feedback, a discontinuous process of learning, and simplistic program evaluation.

In the end, the requirement for increased leadership competence in order to succeed in the global economy has driven companies toward in-house and tailored programs as their preferred means of leadership development. These in-house programs allow executives to work on issues related to their specific companies and customize each program to company specific needs.

3.3 Measuring the Return on Investment

Regardless of the type of program selected by a company, its organizational effectiveness should be measured. However, performance improvements obtained via leadership programs are hard to measure due their complexity and magnitude (Avolio, et al., 2010). Part of this complexity is driven by the fact that leadership development is a long-term process and there are few accurate procedures for measuring how people change over time. Gentry & Martineau (2010) use hierarchical linear modeling as a technique to explain how people evolve over time as a consequence of leadership development. The authors point out that it takes time to obtain meaningful outcomes in individuals, groups, teams, or organizations. People learn in different ways (concrete, reflective, abstract, and active) and have different learning styles (accommodative, divergent, assimilative, and convergent) (Kolb, 1973) (see Exhibit 10). Therefore they need several ways to apply the lessons and

multiple opportunities for feedback and adaptation. Thus, leadership development needs measures for short-term, mid-term and long-term outcomes (Gentry & Martineau, 2010).

ROI is a key indicator for measuring leadership development and can be applied to different types of leadership programs. Phillips and Phillips (2007) present a method for applying this indicator. ROI is defined as the ratio of benefit to cost. To isolate the real benefit obtained by a leadership program, there are tools available to compare trend lines and results after the program. Surveys completed by program participants are perhaps the most common way to measure individual assessments of leadership development.

Few companies actually analyze the economic impact of their investment in leadership development programs. Avolio claims that only 10% to 20% of organizations measure their return on this investment. Avolio proposes the following measure and calls it Return on Leadership Development Investment (RODI):

$$RODI = N \times T \times d \times SDy - C$$

where,

- N = number of participant in the leadership development program
- T = Expected time duration for change in leadership behavior
- D = effect size of intervention, defined as the average difference in outcome between trained and untrained participant
- SDy = Standard deviation of dollar valued job performance among untrained employees. If dollarized performance is not available, 40% of the annual salary is a conservative estimate
- C = total cost of training to all participants.

Avolio calculates RODI, for a 1.5-day program and 3-day program. The research includes on-site, off-site, and online programs, and also different levels of executives. The authors found a significant variation between top performers and low performers.

Considering the variation between the groups, RODI varied from a low negative percentage to 200 %.

Table 3-B: Average Return on Leadership Development Program

Average RODI %	Level of leader	Type of program		
		On site	off site	on line
1.5 days duration	upper level	64%	50%	64%
	middle level	87%	52%	82%
3 days duration	upper level	61%	44%	52%
	middle level	72%	46%	76%

Source: Avolio, Avey, & Quisenberry, 2010.

The impact generated by leadership development programs is indeed hard to measure. Companies use different approaches in an effort to do so; other companies do not have any type of measurement mechanisms.

I believe leadership can be taught and learned, thus, it can be developed. Leadership development requires a long-term planning horizon, with short term milestones identified as well. A successful leadership development program requires many activities and supporting conditions within the company. However, due its complexity, few companies measure the return on leadership development investment.

In the next chapter I present studies that support a positive relation between leadership development and organizational performance. Chapter 5 includes information about the MIT Sloan Fellows Program and information about leadership and companies gathered from the Class 2011.

CHAPTER 4. LEADERSHIP DEVELOPMENT AND ORGANIZATION PERFORMANCE

In this chapter I explore the relation between leadership development and organization performance. I begin with a definition of organizational performance, then review the literature on this topic.

4.1 Definition of Organizational Performance

A useful definition of performance is given by Longenecker (2010). Performance at the individual level includes ability, motivation, and support. Ability is the skills and talent of employees to effectively do their job. Motivation is responsible for driving individuals and work ethics while performing their job. Support is providing employees with the right tools and resources to perform their job.

Firm performance can be measured in relation to the firm's main competitors. Dalakoura (2010) uses a scale that measures performance and considers three performance areas: market, financial, and organizational (see Exhibit 11 in the Exhibits).

My sense of organizational performance is tightly connected to the organization's main goal and always relates to a specific period of time. I defines it as the level of efficiency and effectiveness obtained by the company while pursuing its objective. Therefore, a standard comparison between companies (using, for example, traditional financial ratios) will account only for a small part of the organization's performance. For instance, one company could focus on market share as its main strategy, but if that company's performance is measured by profitability a focus on market share will miss the company's objective. Thus, I believe each company should be measured individually against customized standards.

4.2 Leadership Development and Performance: Literature Review

Burke and Russell (1986) studied the relation between managerial training and organization performance through a meta-analysis of 70 managerial training studies. The results indicated that managerial training is, on average, “moderately effective”. The effects differ according to the type of training, as shown in

Table 4-A.

Table 4-A: Managerial Training and Organization Performance

Type of training	Effect size mean
subjective learning	0.34
objective learning	0.38
subjective behavior	0.49
objective results	0.67

Source: Burke and Russell, 1986

Collins (2002) also conducted a meta-analysis that examined 103 studies, including a full range of leadership development programs and activities. She tried to determine the effectiveness of programs to enhance performance, knowledge, and expertise at the individual, team and organizational level. She classified the studies into four research designs: (1) post-test-only control group, (2) pre-test/post-test with control group, (3) single group pre-test/post-test, and (4) correlational studies. Eight possible outcomes were studied: knowledge-objective, knowledge-subjective, expertise-objective, expertise-subjective, financial-objective, financial-subjective, and system-objective, system-subjective. Collins

found that formal training programs with knowledge outcomes were most effective. The average sizes of the effect⁴ are presented in Table 4-B.

Table 4-B: Outcomes of Training Programs

<i>Possible outcomes</i>	EFFECTIVENESS RATIO BY RESEARCH DESIGN		
	<i>Post-test only, control group</i>	<i>Pre-test/post-test with control group</i>	<i>Single group pre-test/post-test</i>
knowledge-objective	0.96	1.37	-
knowledge-subjective	-	-	-
expertise-objective	0.33	0.32	1.01
expertise-subjective	0.30	0.40	0.38
financial-objective	-	-	-
financial-subjective	-	-	-
system-objective	0.39	-	-
system-subjective	-	-	-

Notes:

1. *Correlational studies were dropped by the author because too few studies were found.*
2. *A dash indicates the sample mean did not fall within the respective effectiveness level.*

Source: Collins, 2002

In addition to the above meta-analysis studies, I used the databases EBSCO and ProQuest (both available through the MIT Library⁵) to find research studies that considered leadership development and organization performance. I selected only those published between 2002 and 2010. I found 128 articles in EBSCO and four dissertations in ProQuest. Discarding articles focused on theories and definitions of leadership, I selected 18. From the four dissertation, two met the selection criteria. In total, 20 studies were selected. The list of articles is shown in Exhibit 12.

⁴ Effect size: measure of the strength between variables in a statistical population or sample based estimate. <<http://en.wikipedia.org/>>.

⁵ <<http://libraries.mit.edu/>>.

Among the twenty articles, two main groups emerged. The first group, contains five articles that describe statistical analyses across different companies. The main findings are presented in Table 4-C. 15 articles focused on a single organization.

Table 4-C: Group 1. Statistical Analysis.

Author	Major findings	Sample analyzed	Qualitative effect on organization performance
Gümüştekin, et al. 2010.	Companies that use 360 degree feedback are more likely to create organizational commitment	4 companies; company data; Turkey	Positive
Longenecker, C. 2010.	93% managers agree that employees want to receive feedback and coaching. Only 45% of managers believe they are trained enough to coach others, but 80% believe they can improve their capability	50 companies; 219 managers; individual data; US	Positive
Dalakoura, A. 2010.	Leadership development is positively correlated with market and financial performance but not with organizational performance. Leadership development is highly correlated with environmental dynamics	112 companies; company data; Greece.	Positive in financial & market performance. No evidence in organizational performance
Casalegno, C. 2009.	Return to shareholders is directly correlated with motivation, compensation, and employee training.	228 companies; company data; Italy	Positive
McCarthy, A. 2007.	“Procedure of justice” is the main driver for feedback acceptance	520 managers; individual data; Ireland	Not clear

Source: Thesis author

The second group includes the remaining 15 studies. All 15 focus on single organization. Leadership programs in the 15 studies are of many types. A wide range of development programs are represented and summarized below in Table 4-D.

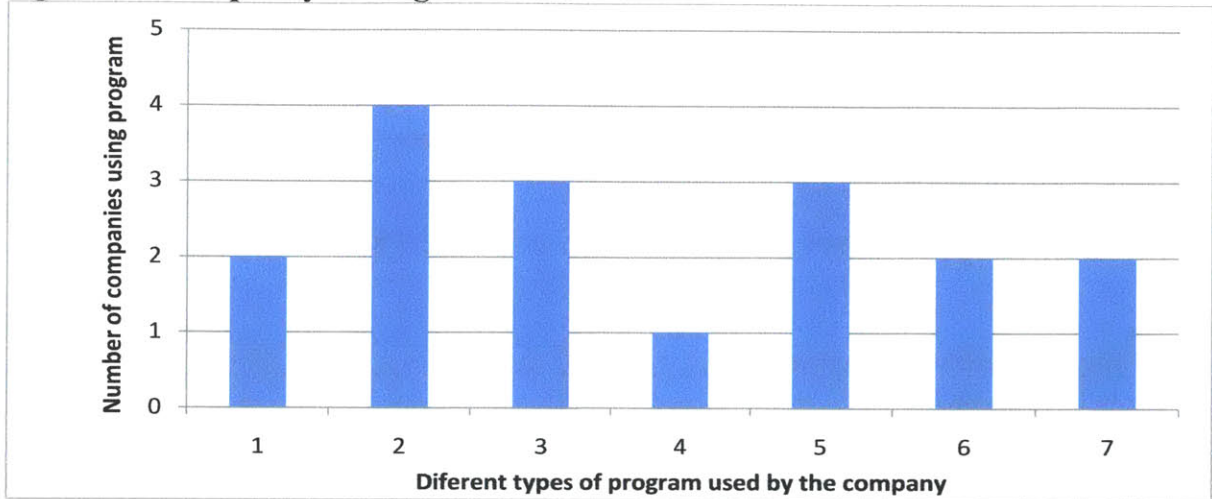
Table 4-D: Group 2. Type of Leadership Programs (n=15)

Type of Leadership Program	# of companies that uses this program
360-degree survey	9
Executive coaching	9
In-house formal training program (1 days -4 weeks) for senior executives	9
In-house formal training program (1 days - 4 weeks) for middle level	5
University program (1 day to 1 month)	4
Action learning	3
Self assessment	3
On Line support/ written material	3
Mentoring	2
Job assignment (challenging roles)	2
Create a company framework	2
Upward feedback survey	1
Create a specific team to develop of leadership program	1
Talent Forum	1
Individual plan	1
Team survey	1
Aligned rewards	1
Coaching groups	1
Ongoing activities	1

Source: Thesis author

As the Table shows, some companies use more than one program. Figure 4-A shows the number of programs used by each of the 15 companies.

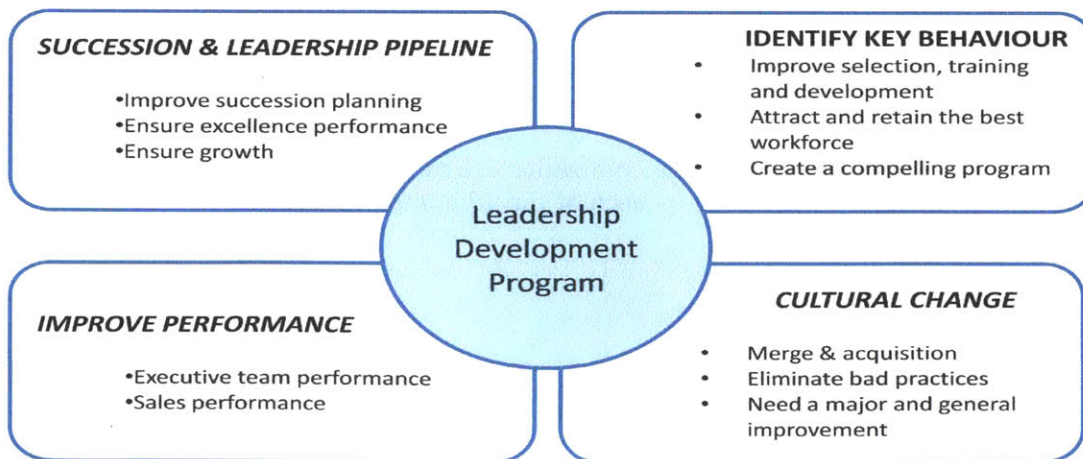
Figure 4-A: Frequency of Program Used.



Source: Thesis author

Of the 15 articles, twelve of them were related to implementation of a new leadership development program. But the goals of the leadership programs were different. Figure 4-B presents the main reasons a new program was initiated (for further detail, see Exhibit 14 in exhibits).

Figure 4-B: Reasons to Create a New Leadership Development Program



Source: Thesis author

Only eight studies disclosure the outcomes of the programs. The most interesting cases from this eight cases are presented in Table 4-E.

Table 4-E: Group 2. Outcomes of Leadership Programs

AUTHOR	FINAL OUTCOME	RELEVANCE
T + D (2008)	78% of participants were promoted after one year; 22% promoted after 3 month	A undirected way to measure the effectiveness of training programs
Hostetler (2007)	89 94 issues were resolved. Net income improved 150% the following year	Direct measurement. Significant effect on income
Williams (2008)	Company achieved the rank #14 in the Hewitt Fortune Magazine, Top companies for leaders	A example of a comprehensive and successful program
Stout (2007)	Constructive style improves 54%. Aggressive-defensive style decrease 37%	Concrete effect on a precise behavior

Source: Thesis author.

Based on these findings, leadership development programs do appear to generate positive effects on organization performance. In the next chapter, I will elaborate on one type of intervention used by some companies to improve their leadership capabilities.

CHAPTER 5. MIT SLOAN FELLOWS PROGRAM

5.1 History, Evolution, and Goals

As noted in Chapter 4, some companies utilize a university-based program as one facet of the firm's leadership development. An example of such a program is the MIT Sloan Fellows Program, at the Sloan School of Management at the Massachusetts Institute of Technology. The Sloan Fellows Program is one of the oldest executive training programs in the U.S.

The Sloan Fellows Program was founded in 1938. Alfred P. Sloan, then president of General Motors and Erwin H. Schell, Director of MIT's Department of Business and Engineering Administration, envisioned a program in which engineers with high executive potential would be sponsored by their company for one year of study that would increase their business knowledge and develop the capabilities they needed to move into senior management positions. The program began as the MIT Sponsored Fellowship Program, but was renamed to Sloan Fellows Program to honor the support provided by Alfred P. Sloan (MIT, 2011). However, the world changes and company competences need to change too. This requirement for change led to a revision of the program. In 2004, the Sloan Fellows Program merged with another Sloan program, the Management of Technology Program.

The nature and characteristics of the Sloan Fellows Program have evolved over the years. The current mission of the School is: *"To bring together mid-career executives from every corner of the globe, give them a forum for collaboration and growth, and prepare them for the most important challenges of their lives."* (MIT, 2011).

In an interview with Alan White, Executive Dean of the Sloan School, he pointed out changes that have taken place in the program over the years. White, a former director of the Sloan Fellows Program for 14 years, was himself a Sloan Fellow (SF) in 1970. His class was composed of 47 SFs, 44 of whom were sponsored by their companies, all were men, and 40 were Americans. In contrast, the Class of 2011 has 114 members, sixty one (61) are self-funded, they come from 26 countries, and 20 are women.

White pointed out that American companies have reduced the number of sponsored employees to the SF program, usually because the cost of having a high-potential executive spend one year away from the company is believed to be too expensive. Also, U.S. companies have other alternatives to train employees through Executive MBA programs, thereby avoiding the absence of the executive(s) from the company. Although the network-building and learning experience gained in an Executives MBA program are different than those gained in a year-long full-time program, many U.S. companies seem to prefer the shorter-term programs.

White also said that more companies are using in-house programs. These are presumably designed to address issues specific to the company, thus avoiding the “one solution fits all” criticism that some university programs receive. The flip side of internal programs, however, is the lack of outside networking possibilities. To overcome this, some companies invite customers, suppliers, and even competitors to participate in their in-house programs.

Asked about how the SF program develops leadership capabilities, White pointed out that *“it does not develop or create leaders, it enhances and educates leaders to be more*

effective through experiences like working in teams and labs, supported by a knowledgeable faculty.”

I also interviewed Stephen Sacca, current Director of the Sloan Fellows Program, a position he has held for the last ten years. Sacca is also a SF alumnus (Class of 1990). He said that beginning in 2004, company sponsorship was not required as a condition for acceptance into the program. He also said that sponsorship by American companies has declined. In general, U.S. companies are looking for a leaner structure and many have fewer resources to invest in educational programs. Sacca said that when he talks with executives in U.S. organizations, he often hears that *“the individual is responsible for educating himself, not the corporation.”* Also in the U.S., Sacca pointed out, as did Alan White, that corporate executives are concerned about losing a key executive for one year. The perception is that the opportunity costs are too high.

Sacca said that American companies are more sensitive and restrict their investment in leadership development during downturns unlike their Asian counterparts. Thus, Japanese, Korean, and Singaporean organizations maintain their investment in leadership training, even in downturns. As for European companies, according to Sacca, *“they do not have a culture of sponsorship.”* Companies in Brazil, Chile, and Colombia have been—and remain—active in the program and continue sponsor fellows.

The result is that the mixture of companies and nationalities in the SF program has increased dramatically over the past two decades. A summary of this evolution is shown in Table 5-A.

Table 5-A: Changes into Top 20 Companies' Representation in the MIT Sloan Fellows Program

Rank	1990 – 1994	#	1995 - 1999	#	2000 - 2004	#	2005 - 2011	#
1	IBM	26	USAF	22	LG	12	NTT DOCOMO	14
2	GM	12	GM	15	GM	9	SINGAPORE MIN. OF DEFENSE	9
3	US NAVY	10	IBM	10	HP	9	USAF	9
4	KODAK	9	LG	10	BANK OF TOKYO-MITSUBISHI	9	MITSUI	8
5	BOEING	9	PRATT & WHITNEY	9	CEMEX	8	IBM	7
6	UTC	9	SIEMENS	8	NIPPON T&T	8	KIRIN BREWERY	7
7	VITRO	9	SIKORSKY AIRCRAFT	8	YAZAKI CO	8	KOREAN AIRLINES	7
8	NASA	8	HP	7	PRATT & WHITNEY	7	LG	7
9	NIPPON T&T	8	US COAST GUARD	7	SONY	7	SAUDI ARAMCO	7
10	MITSUBISHI BANK	8	VITRO	7	USAF	7	US COAST GUARD	7
11	USAF	7	BANK OF TOKYO-MITSUBISHI	6	US COAST GUARD	7	GENERAL DYNAMICS	6
12	AT&T	6	US ARMY	6	VITRO	7	CEMEX	5
13	BP	5	YAZAKI CO	6	LG-CALTEX OIL CORP.	6	DAUM COM.	5
14	GE	5	AT&T	5	NTT DOCOMO	6	HP	5
15	INTEVEP SA	5	BANCO ITAU SA	5	KOREAN AIRLINES	5	BANK OF TOKYO-MITSUBISHI	5
16	MITSUI	5	KODAK	5	MIT	5	GE	4
17	PEDEVESA	5	KIRIN BREWERY	5	MITSUI	5	MITSUBISHI CORP.	4
18	DAI-ICHI BANK	5	MITSUI	5	NEC CORP.	5	NIPPON T&T	4
19	US COAST GUARD	5	NIPPON T&T	5	NOMURA RESEARCH INS.	5	SAMSUNG ELECTRONICS	4
20	USPS	5	SIDERAR	5	SIEMENS	5	USPS	4
			DAI-ICHI BANK	5	STATOIL ENERGY	5	UTAIR AVIATION	4
			UTC	5	TECHINT-EXIROS	5		

Note: The column # shows number of SFs who came to the program. Includes sponsored and self-funded SF. It also include students in the MOT program after the 2004 merger with the SF Program.

Source:Thesis author from Program office database

As illustrated in Table 5-A, after 1990, only five of the original companies remained in the ranking: three Japanese firms (Mitsui, Nippon T&T, Mitsubishi Bank) and two American organizations (US Air Force and US Coast Guard). In an informal interview with a Japanese Sloan Fellow from the Class of 2011, I was told that some Japanese firms use the program as a reward for professional accomplishments and to expose employees to global perspective and smooth the promotion system.

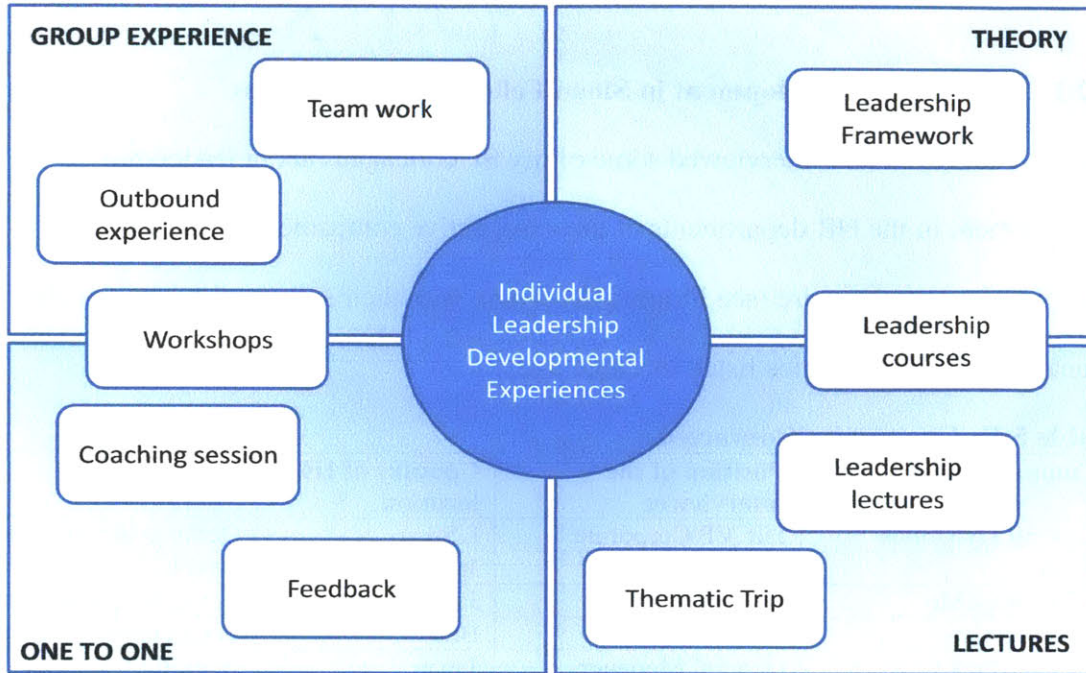
Education programs have evolved over the years. The proliferation of distance learning and Internet-based courses, and the appearance of new MBA program, increase the challenges facing programs like the Sloan Fellows. According to White and Sacca, more U.S. organizations now prepare their leaders on the job, and competition among MBA programs has become global. For example, in the 2011 MBA program in the China Europe International Business School (CEIBS) in Shanghai, more than one-third of the class came from foreign countries (White, 2011).

5.2 Leadership Content in the Sloan Fellows Program

The duration of the Sloan Fellows program is one year. The content includes mandatory core courses, electives courses, workshops, and practical experiences.

Beginning in the summer, the SFs are divided in Study Groups (four students per group) and Learning Groups (eight students per group). The members of these groups work together for the entire year. The groups are designed by the SF program office and meant to be “maximally diverse”. The leadership content of the program is summarized in Figure 5-A.

Figure 5-A: Leadership Element in the MIT Sloan Fellows Program



A number of the elective courses relate to leadership, others focus on practice (workshops), still others are centered on theory. Since elective courses are not mandatory, I have not included them in this summary.

Most lengthy course assignments are completed in groups. This creates opportunities to practice leadership skills. The SFs' different professions, industries, cultures, and objectives makes the year-long experience highly suitable to exercising the concepts of the 4 capabilities model taught at the School:

- “sensemaking”: incorporating insights from every SF
- “relating”: identifying, debating, negotiating and accepting final positions for each decision

- “visioning”: imaging new possible outcomes
- “inventing”: generating a innovative approach to the assignment.

5.2.1 Leadership Development in Sloan Fellows’ Organizations

I surveyed and interviewed some of my SF colleagues about leadership development in the HR departments of their respective companies. Each participating SF completed a questionnaire (see Exhibit 18). Then, with their support, I contacted HR managers in the companies listed in Table 5-B.⁶

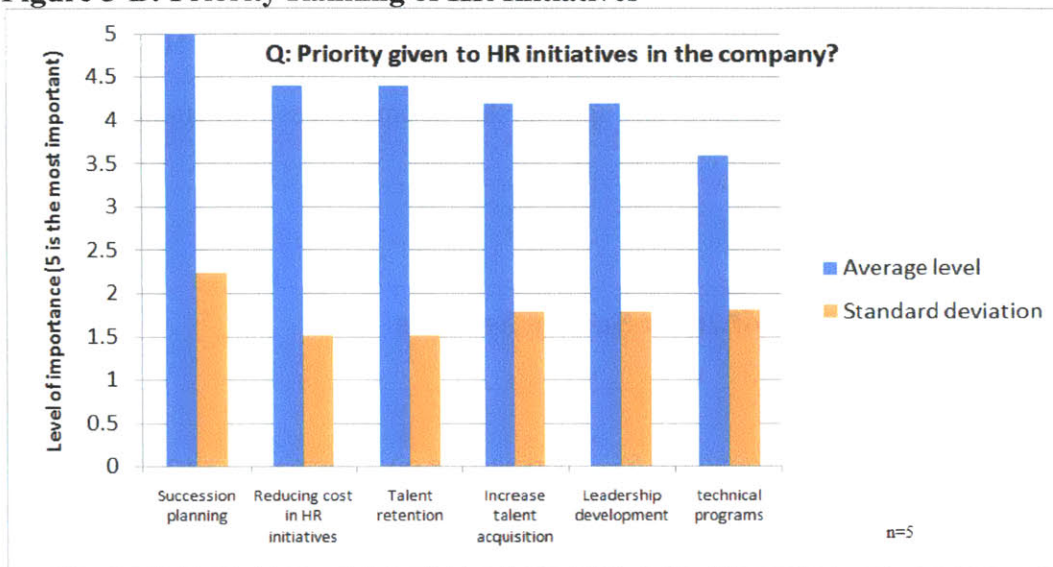
Table 5-B: Companies Contacted

Company name	Position of the interviewee	Country of HR location	Industry
General Dynamics	HR VP Corporate	USA	Defense industry contractor
Kirin	Manager HR	Japan	Beverage
NTT DoCoMo	HR Director	Japan	Telecommunication
Oi	HR Director	Brazil	Telecommunication
Suruga Bank	General Manager	Japan	Banking
US Coast Guard	Assignment Officer	USA	Government agency

The findings from this aspect of my study are shown in Figure 5-B.

⁶ Some executives were contacted directly through a structured interview or by completing the questionnaire. Some SF11 translated the questionnaire that was used in their companies.

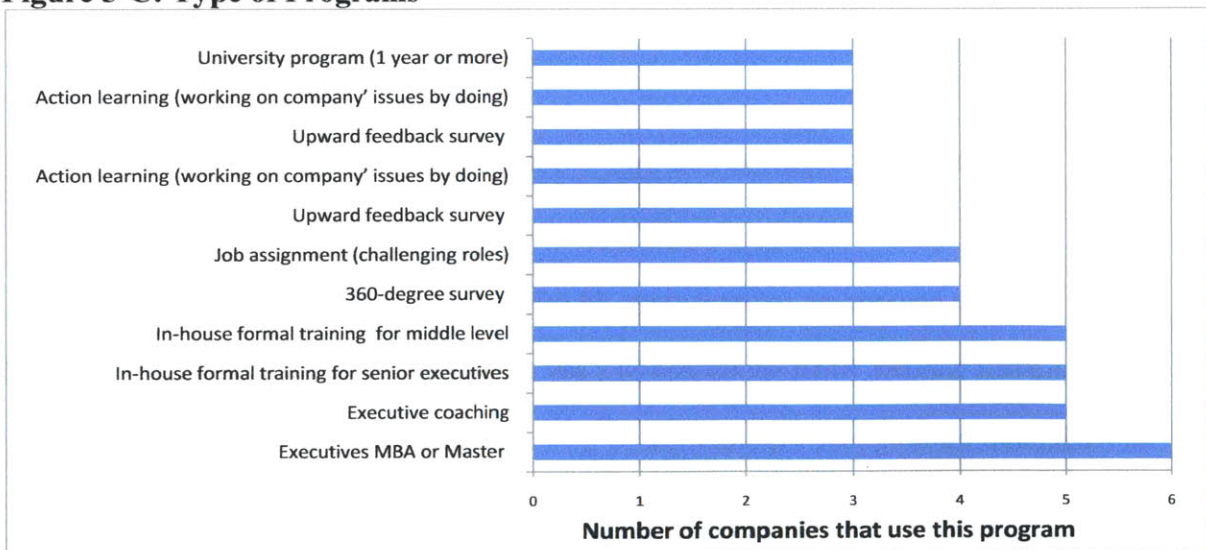
Figure 5-B: Priority Ranking of HR Initiatives



Source: thesis author

The most important priority for HR managers is succession planning. They also say that leadership development is less important for the organization. Surprisingly, the second most important issue reported is “reducing costs of HR initiatives”.

Figure 5-C: Type of Programs



Source: Thesis author

As seen from Figure 5-C, the Executive MBA is the most common Leadership program, which reiterates how attractive such programs are for companies. However, no information was available about company sponsorship of employees who attend those programs.

5.3 Sloan Fellows Class of 2011: Survey Analysis

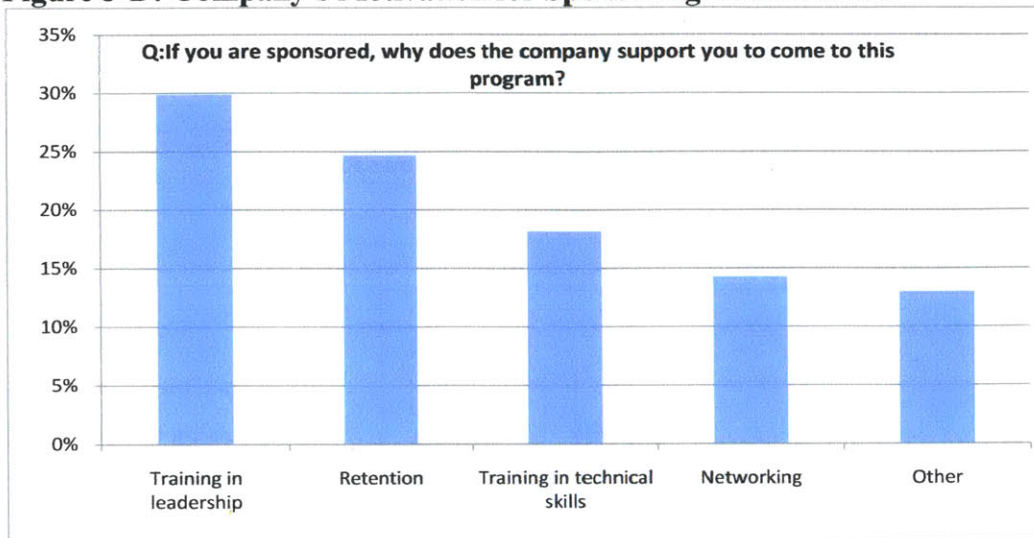
In order to better understand the SFs' perspective on leadership, I surveyed my classmates using two questionnaires. The first one (see Exhibit 16) was answered by 74 fellows (64.9%) out of a total of 114. The second questionnaire was completed by 62 (56.4%) (see Exhibit 17).

The class of 2011 Fellows represents more than 20 different industries and come from 26 different countries. Since the average work experience of this group of SFs is 14 years, I believe the Sloan Fellows represent a knowledgeable and broad sample of managers. My findings are reported below.

5.3.1 Motivation for Organization Sponsorship

Of those responding to the survey, 44.6 % are sponsored by their company, and 53.4% are self-funded. Most sponsored SFs say their companies use the program explicitly for leadership training (see Figure 5-D).

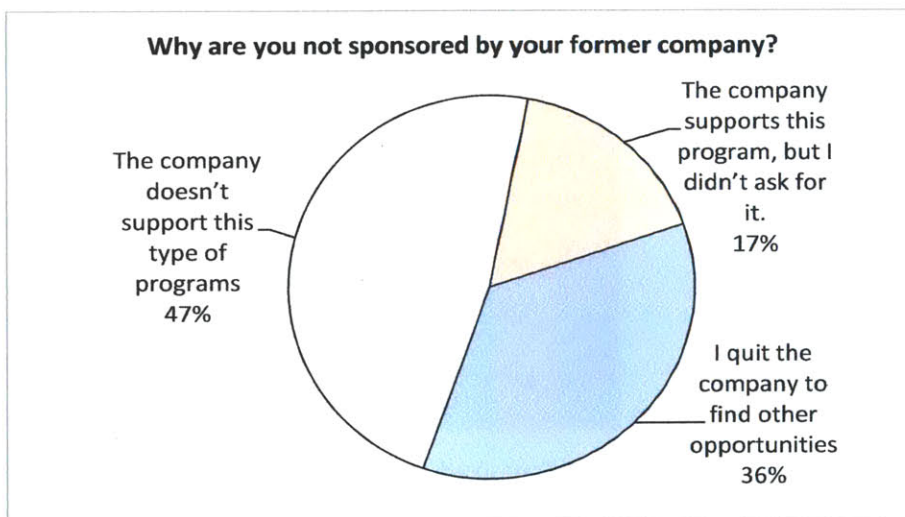
Figure 5-D: Company's Motivation for Sponsoring Sloan Fellows



Note: considers only sponsored SFs
 Source: thesis author

Considering SFs who are self-funded, 47% say their companies do not support this type of program. Surprisingly, 17% said their companies do support this type of program but the SFs did not ask for sponsorship.

Figure 5-E: Reasons for Self-Funding

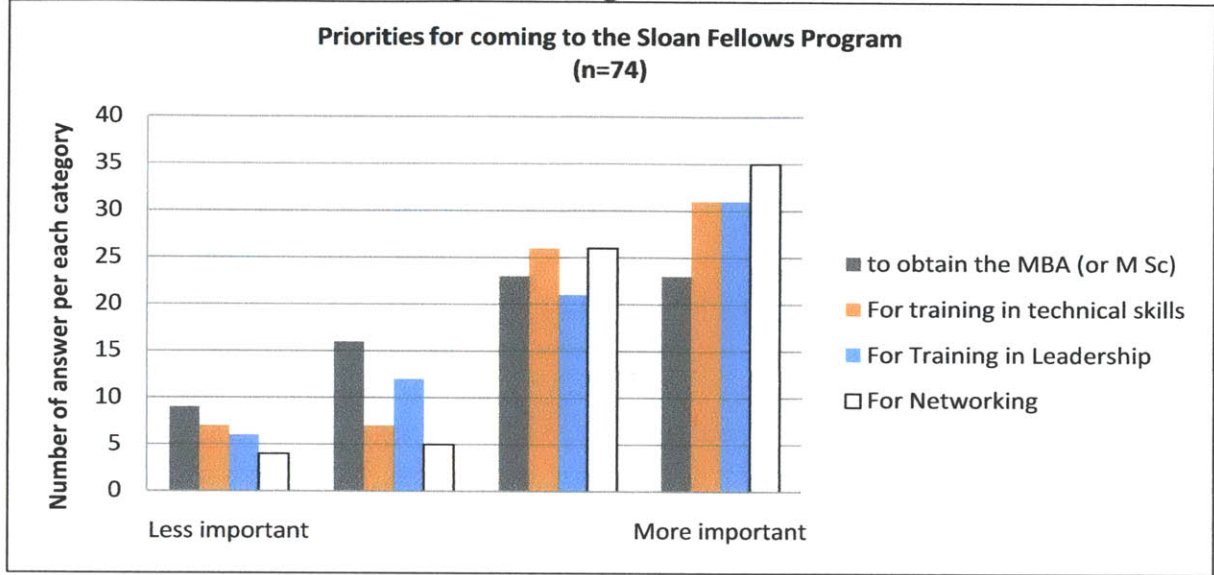


Note: considers only self-funded SFs.
 Source: Thesis author

5.3.2 Motivation for Executives

Figure 5-F shows the reasons SF's provide for coming to the program.

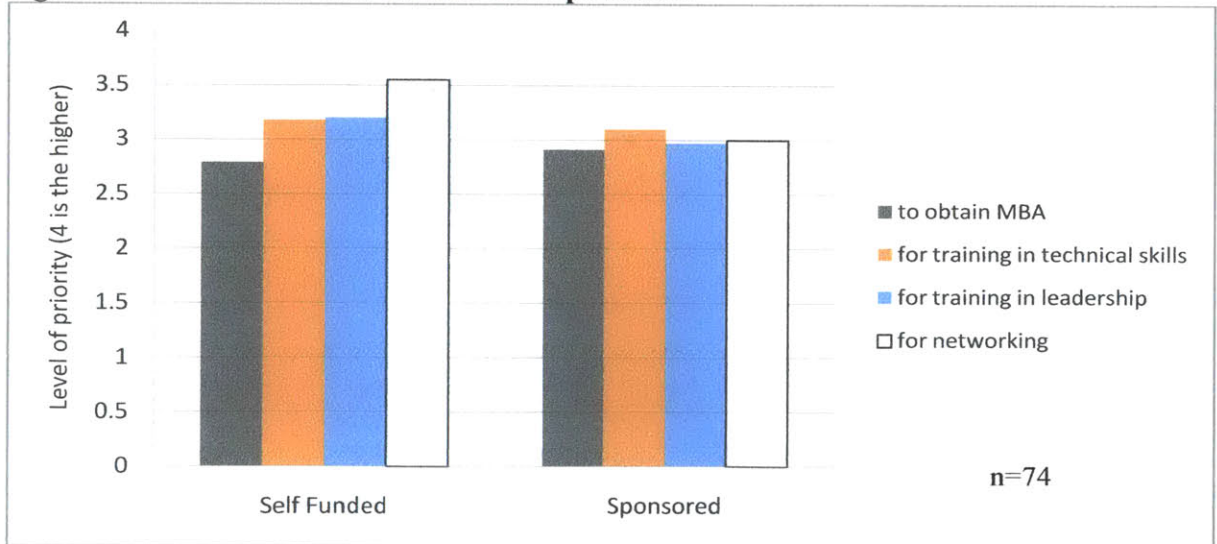
Figure 5-F: Priorities for Coming to SF Program



Source: Thesis author

Comparing sponsored and self-funded SFs, the most important priority for the self-funded students is networking. For sponsored SFs it is training in technical skills.

Figure 5-G: Priorities: Self funded and Sponsored



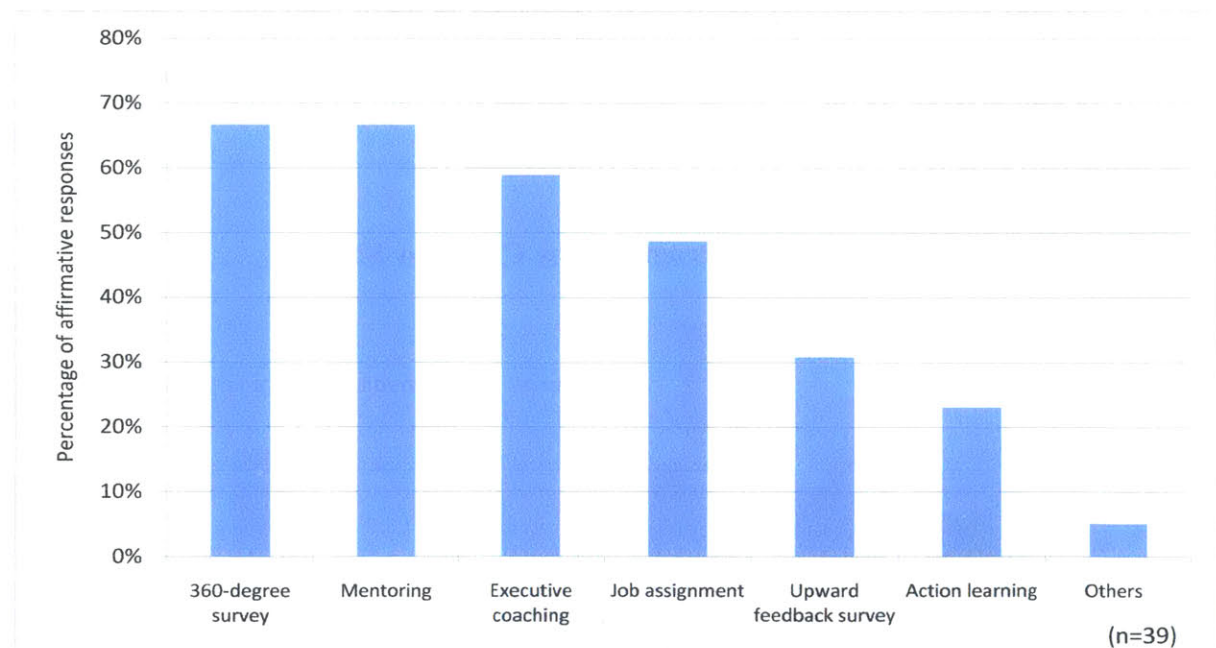
Source: Thesis author

5.3.3 Company Programs for Leadership Development

In the first survey, 64.9% of SFs stated that their companies had some kind of formal leadership training as a part of the career development in their organizations. Considering that the average work experience is 14 years in my Class, I think a high percentage of SFs did not receive any kind of formal leadership training before entering the program. In the second survey, 39 SFs indicated the type of leadership program their companies used.

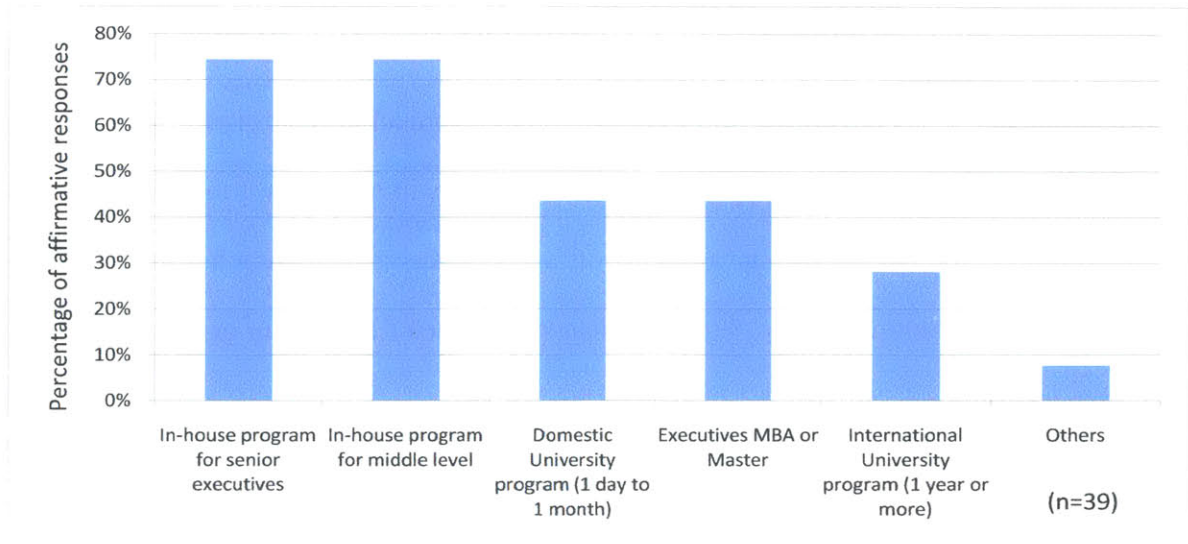
Figure 5-H and Figure 5-I show types of “on-the-job” and “off the job” training programs used by the SFs’ companies.

Figure 5-H: Types of “on the job” Programs Used by Sloan Fellows’ Companies



Source: Thesis author

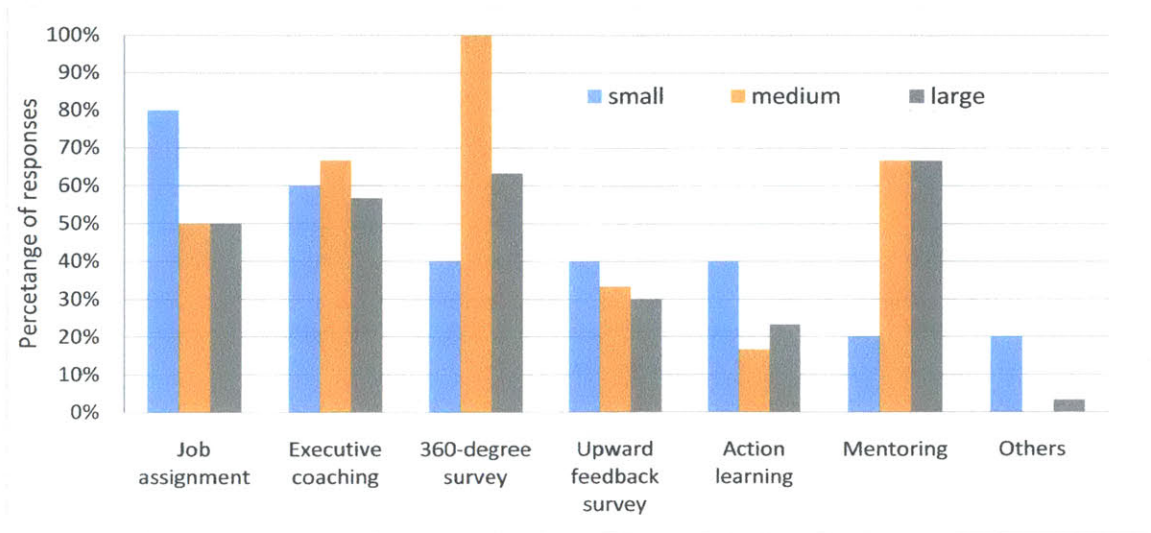
Figure 5-I: Types of “off the job” Programs Used by Sloan Fellows’ Companies



Source: Thesis author

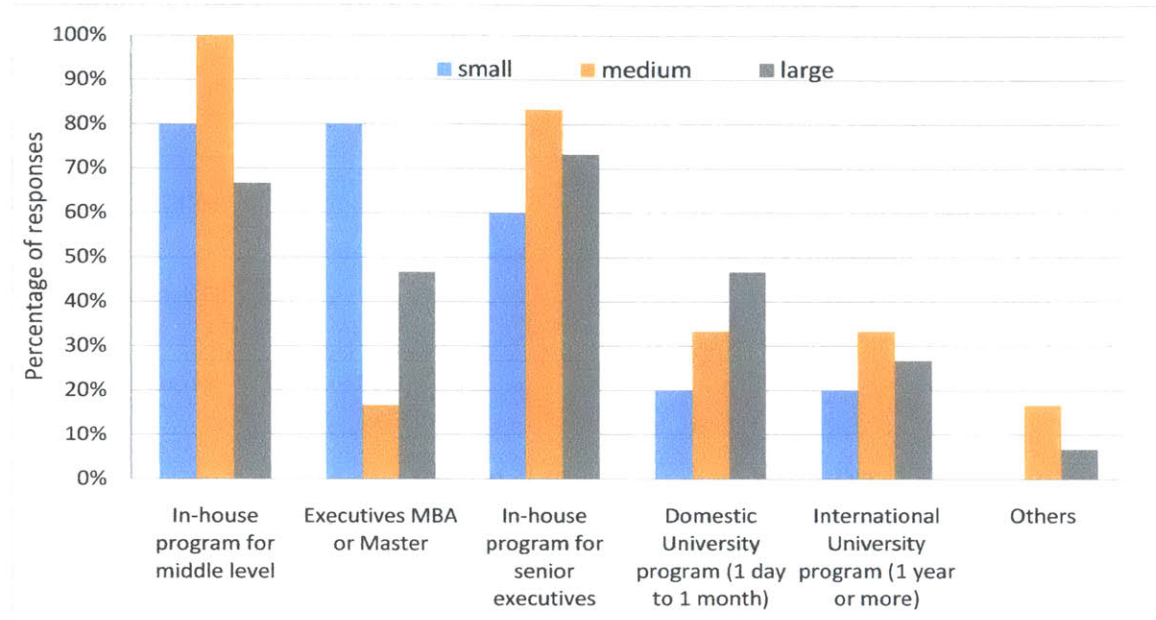
I also asked fellows to classify their companies as small, medium, or large. Figure 5-J and Figure 5-K present the types of programs used by different size companies. There are no major differences or clear patterns in this mean

Figure 5-J: On-the-job Training Programs, by Company Size.



Source: Thesis author

Figure 5-K: Off-the-job Training Programs by Company Size.

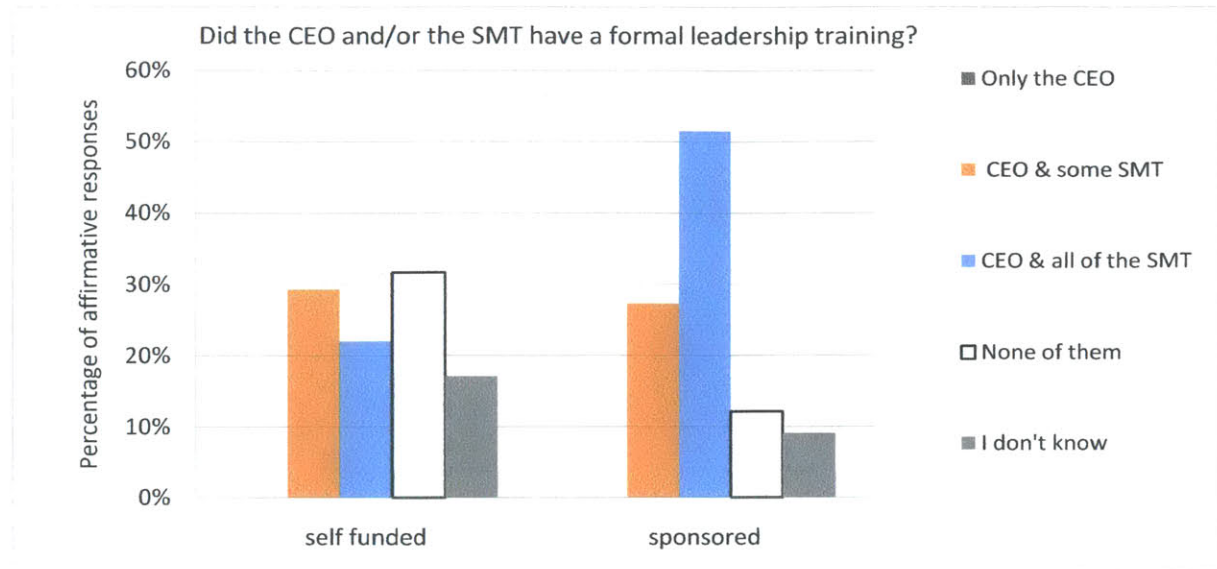


Source: Thesis author

5.3.4 CEO and Senior Management Team Leadership

Most of the SFs said that the top management in their firms (CEOs and senior executives) received some kind of formal leadership training. 27% said neither the CEO nor any member of the senior team had leadership training. A major gap in this percentage is found when the group is filtered by the sponsored or self-funded variable.

Figure 5-L: Formal Training for CEO and Senior Management

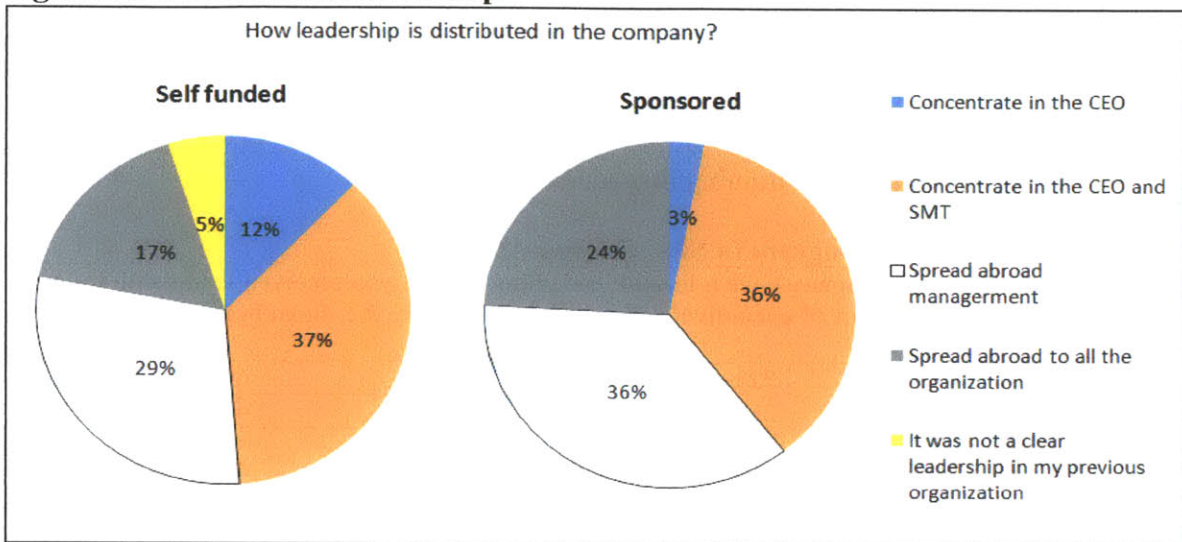


Note: SMT: Senior management team
Source: thesis author

Asked about the ability of the leadership team to lead effectively, sponsored SFs (n=41) ranked their leadership team at 3.7 out of 4.0 (scale: 4=Excellent; 1=poor), while self-funded (n=33) ranked their leadership team at 3.4.

Most SFs said that leadership in their companies is distributed. Differences between self-funded and sponsored SFs' companies are shown in Figure 5-M.

Figure 5-M: Distributed Leadership

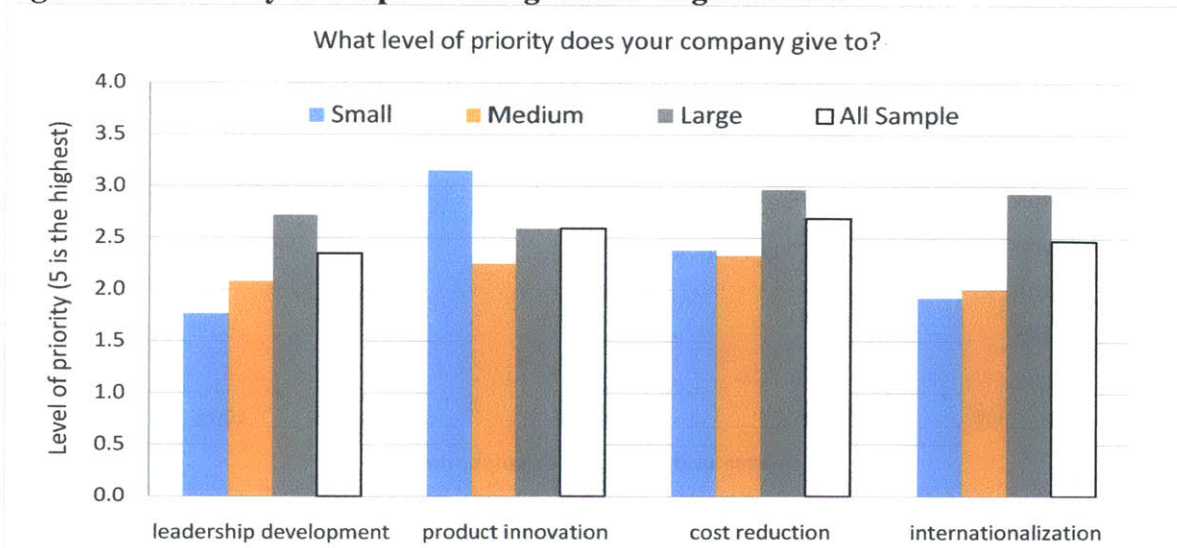


Source: Thesis author

5.3.5 Priority of Leadership Development Programs

From the SF’s perspective, leadership development programs are not the first priority in their companies compared to other organizational goals. Figure 5-N shows the priority of corporate programs based on the size of the organization.

Figure 5-N: Priority of Corporate Programs in Organizations



Source: Thesis author

According to those responding the survey, 72% of companies represented in the class have a leadership development program, yet 40% of SFs have not received any formal training. Despite the vast experience and hierarchical level of most fellows, only 60% of them have received a formal training in leadership

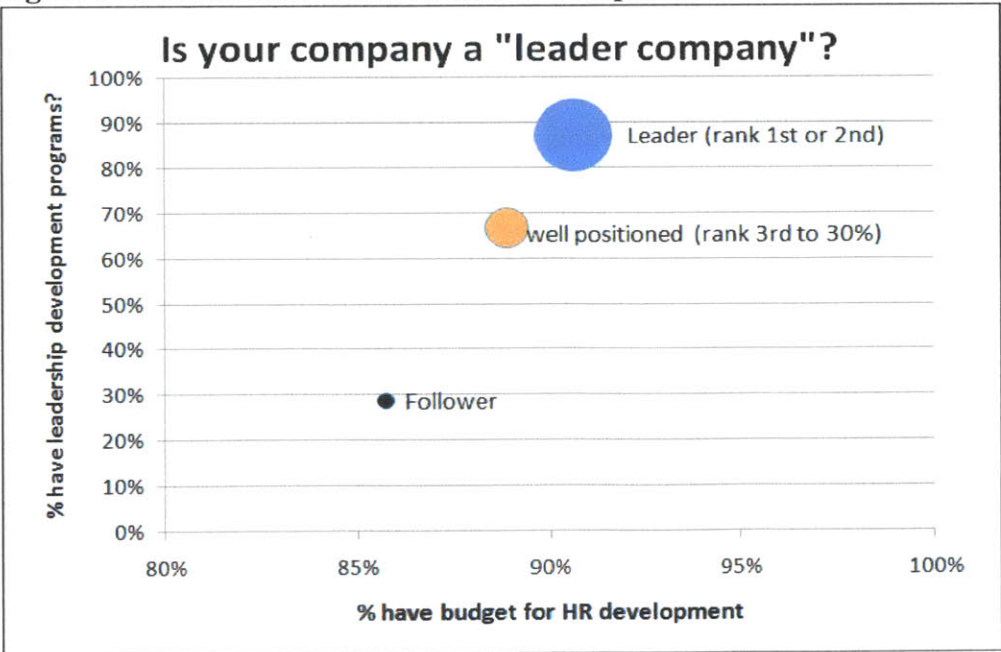
Table 5-C: Training Program in SFs’ Companies

	Did your company have a formal leadership training as part of executive’s career development?	Have you received leadership training before the Sloan Fellows program?
Yes	72%	60%
No	28%	40%

Source: Thesis author

I asked SFs if they consider their companies as the “leader”, “well- positioned”, or “followers” in their industry. Using their classification, I plotted the relationship between companies that have an HR budget and those that have a leadership development program. The results are shown in Figure 5-O.

Figure 5-O: Difference Between Leader Companies and Others



Note: Bubble size indicates the number of companies in each group. Leader = 32; Well-positioned = 18; Follower = 7

Almost all companies have a Human Resource budget, but a difference can be seen in the percentage of leading companies that have a budget for leadership development compared with others. There appears to be a correlation between leader companies and the existence of a leadership development program.

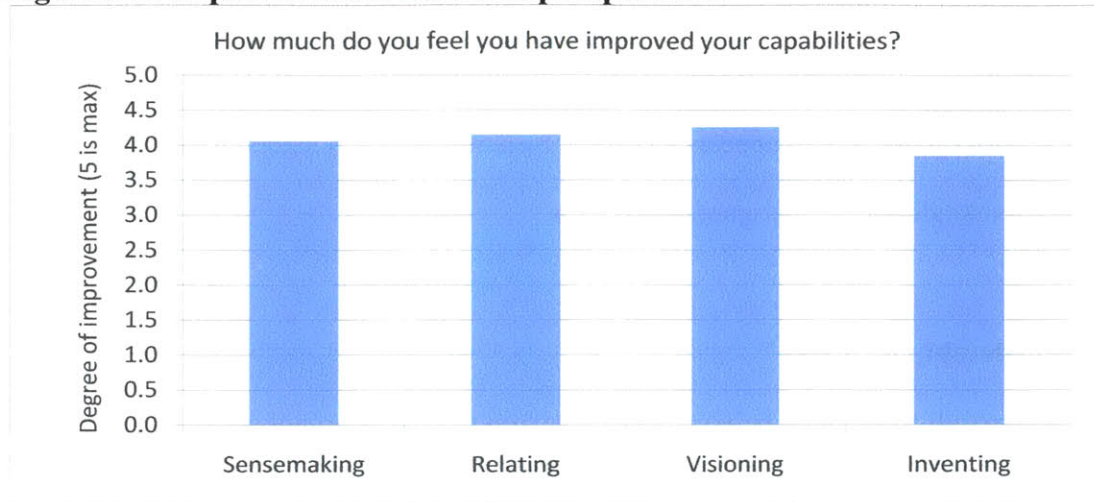
5.3.6 Leadership outcome

Almost all SFs (96%) believe that leadership improves organization performance. In addition, most (85%) believe that “distributed leadership” improves organization performance, and 63.7% believe that a CEO-centric approach to leadership reduces the company’s performance. However, only 10% of SFs said their company has a formal mechanism for measuring the return on investment in leadership development.

5.3.7 Impact of Sloan Fellows Program on leadership capabilities

The survey includes a self assessment by each SF about the effect of the SF Program on their own leadership capabilities. From the answers, no differences were apparent in terms of the size of company, its leading position, or the sponsored/self funded dimensions. When asked how their skills had improved using the 4 Capabilities Model, the respondents ranked each dimension about evenly.

Figure 5-P: Improvement in Leadership Capabilities



Source: Thesis author

When asked about specific leadership skills, the SFs responded as shown in Figure 5-Q.

Figure 5-Q: Evaluation of Personal Achievements from Participating in SF Program

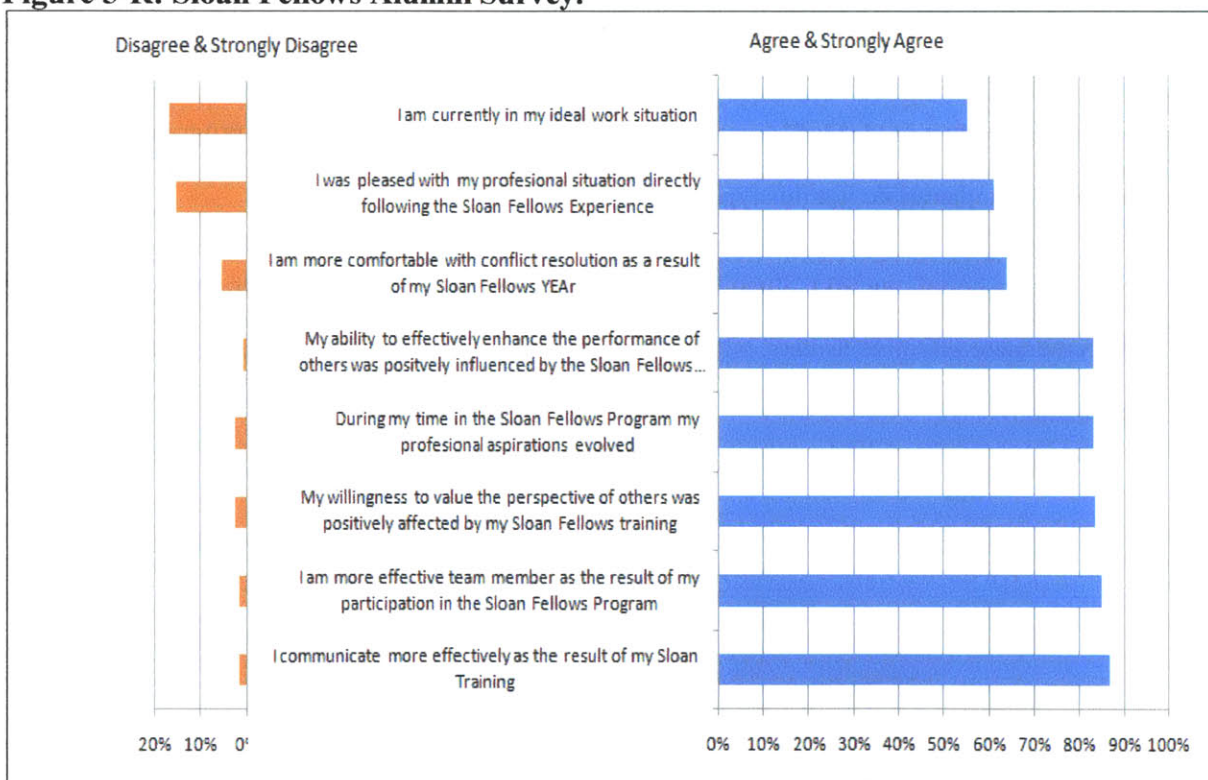


Source: Thesis author

5.4 Alumni Survey

In 2008, the MIT Sloan Fellows Program Office administered an on-line questionnaire that was completed by 114 alumni⁷ from the Classes of 2005, 2006, and 2007. The questionnaire included follow-up questions, with 48 participants responding. The main findings of this survey are presented in Figure 5-R.

Figure 5-R: Sloan Fellows Alumni Survey.



Source: Russel (2008)

Figure 5-R shows that alumni believe the program improves their leadership capabilities even if their current position may not be their preferred one. Using this self-

⁷ The survey was sent to 236 Fellows. 146 replied, and 114 completed it adequately.

assessment as a measure of the impact of leadership development on organizations, it seems that the program allowed the SFs to enhance not only their personal skills but their team performance as well.

The MIT Sloan Fellows program has been chosen by companies and individuals for leadership development. Both students Class 2011 and alumni, believe they have improved their capabilities to lead people.

Organizations used different types, combination and duration of program for leadership development. Most of “leader” organizations have a leadership development program. Most “follower” companies do not this type of program.

In my belief, the MIT Sloan Fellows Program provides the tools and training for executives to become more effective leaders, with a broad type of activities to fit with most types of organizations.

CHAPTER 6. CONCLUSION AND FURTHER RESEARCH

My belief is that leadership has an impact on organizational performance. A high quality of leadership allows those in the organization to improve their understanding, their sharing of knowledge, their personal skills and their ability to innovate in pursuit common goals.

I also believe, leadership should be distributed throughout the organization in order to ensure a quick and accurate response to customer needs and an appropriate interpretation of the economic landscape. Today, a single leader can not lead an organization by him or herself. In my belief, a critical role of the CEO (or leading team) is to ensure that their organization is developing the required quality of leadership across the organization.

Leadership development programs are necessary to build and improve leadership capability. Leadership programs should be part of the organization's strategy. The development of leaders must be a sustainable process, even during downturns. As I have documented, not all organizations have leadership development programs. One reason is perhaps a lack of understanding of the relevance of such programs and the difficulty of evaluating the impact of these programs.

In my literature review, I found a positive relationship between leadership development programs and organizational performance. Two statistical studies and my own research on published articles support this position. The size of the impact of these programs remains uncertain and seems to depend on particular organization and industries.

I have also pointed out that companies concerned about leadership use multiple programs to address long and short term needs. Activities such as 360° degree feedback,

coaching, mentoring, in-house training programs, support for executive MBAs, and special university programs are often used simultaneously.

From those Sloan Fellows who responded to my surveys, almost 40% of them did not receive a formal training in leadership in their previous job. This seems to me a remarkably high percentage considering that the Sloan Fellows have been working, on average, for 15 years.

“Leading” companies are more likely to have a leadership development program than “follower” companies. This finding suggests that those organizations with more resources have the most opportunity to develop leaders. Companies that are performing near the break-even point do not have the same opportunity.

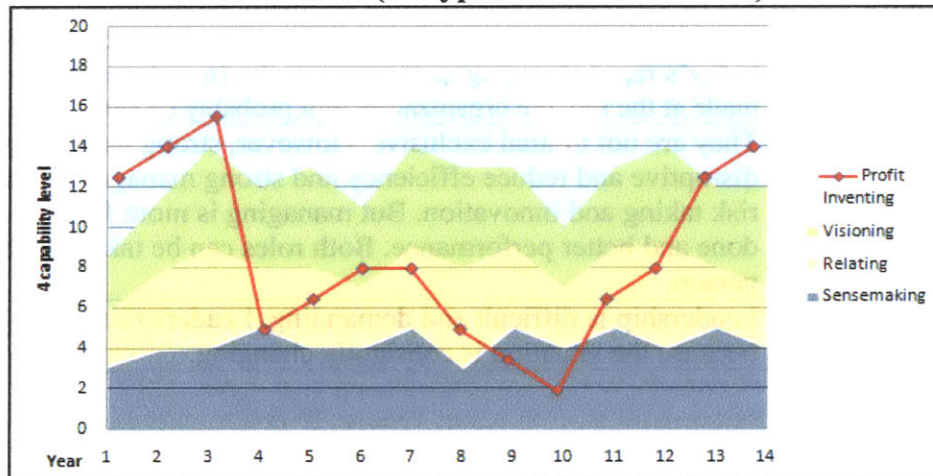
How can small companies create a leadership development programs? How can they deploy scarce resources to such a project? What will be the return on investment? These questions do not have an easy answer. But I believe that if companies create a leadership development programs, the results would be positive. The evidence in this thesis suggest as much.

From my experience in the MIT Sloan Fellows program, the 4 capabilities model provides a way to measure leadership over time. For example, in order to assess the leadership capabilities of the Sloan Fellows, each fellow answered a 360° degree survey before to start the program. This tool is a highly valuable instrument that can be used at multiple points in time thus providing a longitudinal perspective. If organizations implemented a leadership development program using the 4 capabilities model and the 360° degree assessment as a tool to determine changes in leadership quality, they could compare the effects of the program against company performance metrics. The company

could then create a "leadership metric" in order to represent the overall quality of organizational leadership. A hypothetical example is presented in Figure 6 A.

Furthermore, if longitudinal individual assessment were obtained across time, an analysis could be accomplished to show how leadership capabilities evolved as a reaction of the environment. This would address questions about longitudinal performance and leadership.

Figure 6-A: Longitudinal Assessment of Leadership Capabilities and Organizational Performance (A Hypothetical Illustration)



Source: Thesis author

Implementing a successful Leadership Development program does not seem a minor or easy task. My suggestion for CEOs that are struggling to implement leadership programs is to choose a young high potential leader and sponsor him or her to the MIT Sloan Fellows Program. In this program, he or she will gain a deep knowledge of leadership theory and practices. When the person returns to the organization, he or she might be asked to create a Leadership Development Program. The investment, in sponsoring Fellows and programs, will generate a positive return for the organization, as many organizations around the world have found.

EXHIBITS

Exhibit 1: Myth About Leaders (Yukl & Lepsinger, 2004).

The myth of....	Description
the heroic leader	Notion with strong appeal in a culture of celebrity. As no single leader has the necessary knowledge and expertise to solve difficult problems for an organization, it is essential to involve other people with relevant knowledge and diverse perspective.
the born leader	Researchers have failed to identify specific traits that define successful leaders. Studies show that most of the successful CEO's do not have the personality characteristics usually associated with charisma (Conger J. , 1999)
the celebrity leader	In US, CEOs represent 45% of company reputation. 90% of investors are more likely to recommend a stock based on a good CEO reputation ⁸ . In today's rapid changing environment, if a firm depends only on decisions made at the top, the organization will probably be slow and uncompetitive.
leaders and managers	They are not mutual exclusive. However, strong leadership can be disruptive and reduce efficiency and strong management can discourage risk taking and innovation. But managing is more focused on get things done and better performance. Both roles can be taken by the same person.
easy explanation	Leadership is difficult and demanding. Leaders need to be flexible because the situation is constantly changing.

⁸ Investor Relations Business. 2000, June 12.

Exhibit 2: Emotional Intelligence at Work.

	Definition	Hallmarks
Self-awareness	<ul style="list-style-type: none"> • ability to recognize and understand moods, emotions and drives as well as their effect on others 	<ul style="list-style-type: none"> • Self-confidence • realistic self-assessment • self deprecating sense of humor
Self-regulation	<ul style="list-style-type: none"> • ability to control or redirect disruptive impulses and moods • suspend judgment before acting 	<ul style="list-style-type: none"> • trustworthiness and integrity • comfort with ambiguity • openness to change
Motivation	<ul style="list-style-type: none"> • a passion to work for reasons that go beyond money or status • a propensity to pursue goals with energy and persistence 	<ul style="list-style-type: none"> • strong drive to achieve • optimism, even in the face of failure • organizational commitment
Empathy	<ul style="list-style-type: none"> • the ability to understand the emotional makeup of other people • skills in treating people according to their emotional states 	<ul style="list-style-type: none"> • expertise in building and retaining talent • cross cultural sensitivity • service to clients and customers
Social Skill	<ul style="list-style-type: none"> • proficiency in managing relationships and building networks • an ability to find common ground and build rapport 	<ul style="list-style-type: none"> • effectiveness in leading change • persuasiveness • expertise in building and leading teams

Source: (Goleman, 1998)

Exhibit 3: CEO Leadership Framework.

		Scarcity of Leadership opportunities (industry concentration, exchange constrain)	
		Low	High
Resources availability	Low	Impotent (Low CEO effect)	Constrained (moderate CEO effect)
	High	Munificent (Moderate CEO effect)	Impact (High CEO effect)

Source: (Wasserman, Bharat, & Nohria, 2010).

Exhibit 4: Leader’s Skills Areas that Contribute to Poor Organization Results

CEO’s skill area	Sources of failure
Strategic vision	<ul style="list-style-type: none"> ● Vision reflects individual needs of leaders rather than those of market and constituents. ● Resource have been seriously miscalculated ● Unrealistic assessments or distorted perceptions of market and constituent needs ● A failure to recognize environmental changes
Communication and impression-management	<ul style="list-style-type: none"> ● Exaggerated self description ● Exaggerated claims for vision ● Fulfilling stereotypes and images of “uniqueness” to manipulate audience ● Gaining commitment by restricting negative information and maximizing positive information ● Use of anecdotes to take attention from negative information ● Creation of the illusion of control through affirming information and attributing negative outcomes to external causes
Management practices	<ul style="list-style-type: none"> ● Poor management of networks, especially superior and peer networks ● Unconventional behavior that alienates others ● Creation of disruptive “in group/out group” rivalries ● Autocratic, controlling management style ● Informal/impulsive style that is disruptive and dysfunctional ● Alternation between idealizing and devaluating others, particularly direct reports ● Creation of excessive dependence in others ● Failure to manage details and effectively act as an administrator ● Attention to the superficial ● Absence from operational areas of the company ● Failure to develop successors of equal ability

Exhibit 5: Leadership Effect on Organization.(Summary of Articles).

Authors	Object of studied	Main findings	Method description
Wasserman et al. (2010)	Impact of CEO leadership in company performance	CEO leadership is responsible for 14.7% of incremental variance in ROA ratio. CEO affects the performance of the company when there is scarcity of leadership opportunity but a high level of resources.	Statistical analysis of 531 companies from 43 industries in USA. between 1979 to 1997.
Collins (2002)	Effect of leadership teams on Long term organizational performance	The leading team smoothes CEO succession. This was correlate with higher long term performance of the firm	Comparison between two groups of companies.
Floyd & Wooldridge (2004)	Effect of involvement of middle manager in creation of strategy	A positive correlation between MMs participation in the strategy decision process and higher performance	Survey 25 companies.
O' Reilly et al. (2010)	Effect of alignment among leaders and customer satisfaction	A high and positive correlation between customer satisfaction and alignment among leaders. The aggregate leadership is responsible for customer satisfaction	50,000 patient evaluations and 313 physician surveys.

Source: Thesis author

Exhibit 6: Summary of Selected Practices in Leadership Development.

Practice	Description	Development Target	Strength	Weakness
360- degree feedback	Multi-source rating of individual performance,	Self-knowledge; Behavioral change	Comprehensive picture; broad participation	Overwhelming amount of data; no guidance on how to change, time and effort
Coaching	Practical focus and one-on-one learning	Self knowledge; Behavioral change; Career development	Personalized; intensive	Perceived stigma; expensive
Mentoring	Advising/ developmental relationship. Usually with a more senior manager	Broader understanding; advancement; catalyst;	Strong personal bonds	Peer jealousy; over-dependence
Networks support	Connecting to others in different functions and areas	Better problem-solving; Learning who to consult for project help; Socialization	Builds organization	Ad hoc: unstructured
Job assignments	Providing “stretch” assignments in terms of role, function or geography	Skills development, broader understanding of the business	Job relevant; accelerates learning	Conflict between performance and development; no structure for learning
Action learning	Project-based learning directed at important business problems	Socializations; teamwork; implement strategy	Tied to business imperative; action oriented	Time intensive; leadership lessons not always clear; over emphasis on results

Source: (Day, 2001).

Exhibit 7: Types of Leadership Training.

Types of leadership training	Best practices	Common problems
Individual skill oriented	Build the program around a single well delineated leadership model; Conduct pre-course preparation; Use Multiple learning methods; Structure learning around extended learning periods and multiple sessions; Support learning with organizational processes	Failure to build a critical mass in the company; Limits of competency-based leadership; Insufficient time spent on developing individual skill areas
Socialization of the corporate vision and values	Select program participants carefully; Ensure a well articulated org vision and philosophy Have practicing leaders provide instruction; Move beyond singular initiatives	Participant selection criteria are poorly defined or enforced; Hidden challenges when using company executives as teachers; Organizational downturns or serious business challenges undermine programs
Strategic intervention that facilitate a major strategic shift throughout an organization	Ensure that a strategic framework drives program content and design; Ensure that the strategy is translated into corresponding leadership behaviors and mind-sets, company capabilities and culture; Design the curriculum to elicit group discussion between units and across levels; Deploy trained facilitators to provide critical process assistance; Cascade the learning experiences down and across multiple levels and operations; Put in place continuous or real feedback mechanism	Poor modeling by corporate leaders; Entrenched managers and the legacy of past relations limit program impact; Competing initiatives distract sponsor support Lack of consistent reinforcement; Limitations of facilitators
Targeted action learning designed to address specific organizational challenges and opportunities.	Select projects with great care; Be certain that project deliverables are extremely clear; Design multiple opportunities for reflection; Ensure active involvement by senior management; Provide facilitation and coaching by topic experts	No relevant projects; Dysfunctional teams; Lack of follow up learning.

Source: (Conger, 2010).

Exhibit 8: Universities with Leadership Programs for Undergraduates.

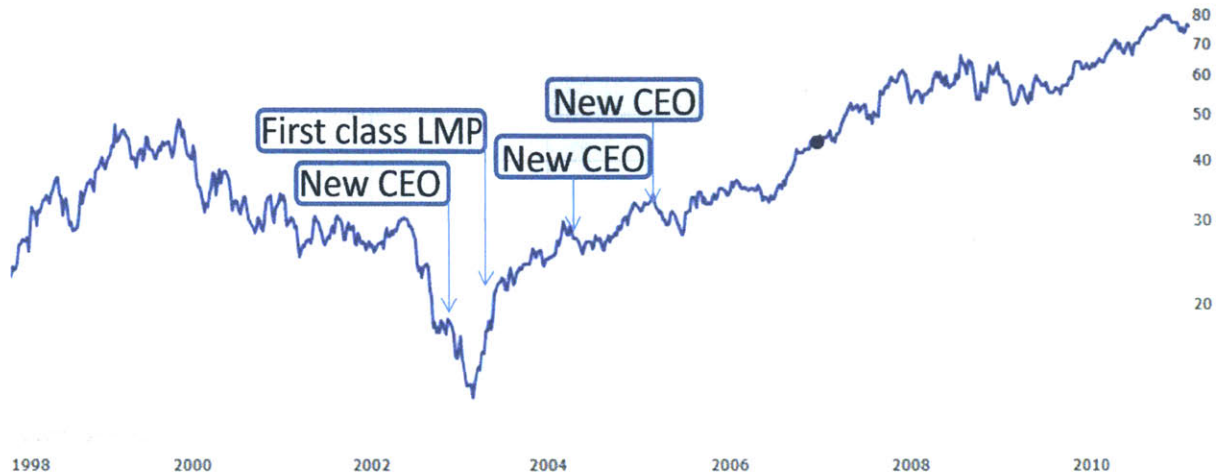
1	Princeton University	35	Georgia Institute of Technology
2	Harvard University	36	University of Southern California
3	Yale University	37	University of Wisconsin-Madison
4	California Institute of Technology	38	Boston College
5	MIT	39	Case Western Reserve University
6	Stanford University	40	Leigh University
7	University of Pennsylvania	41	University of California Davis
8	Duke University	42	University of California Irvine
9	Dartmouth College	43	University of Illinois Urbana
10	Columbia University	44	Penn State University
11	Cornell University	45	Tulane University
12	University of Chicago	46	University of California Sta. Barbara
13	Northwestern University	47	University of Washington
14	Rice University	48	Pepperdine University
15	Brown University	49	Yeshiva University
16	John Hopkins University	50	Rensselaer Polytechnic Institute
17	Washington University St. Louis	51	University of Texas Austin
18	Emory University		
19	University of Notre Dame		
20	University of California Berkeley		
21	University of Virginia		
22	Vanderbilt University		
23	Carnegie Mellon University		
24	Georgetown University		
25	University of California Los Angeles		
26	University of Michigan Ann Arbor		
27	University of North Carolina-Chapel Hill		
28	Wake Forest		
29	Tufts University		
30	College of William and Mary		
31	Brandeis University		
32	University of California San Diego		
33	New York University		
34	University of Rochester		

Source: (Ayman, Adams, Fisher, & Hartman, 2001)

Note1: Ranking generated from 50 colleges and universities as rated by US News and World Report 2001 College Rankins.

Exhibit 9: Stock Prices and Leadership @ Mc Donald's Program (LMP).

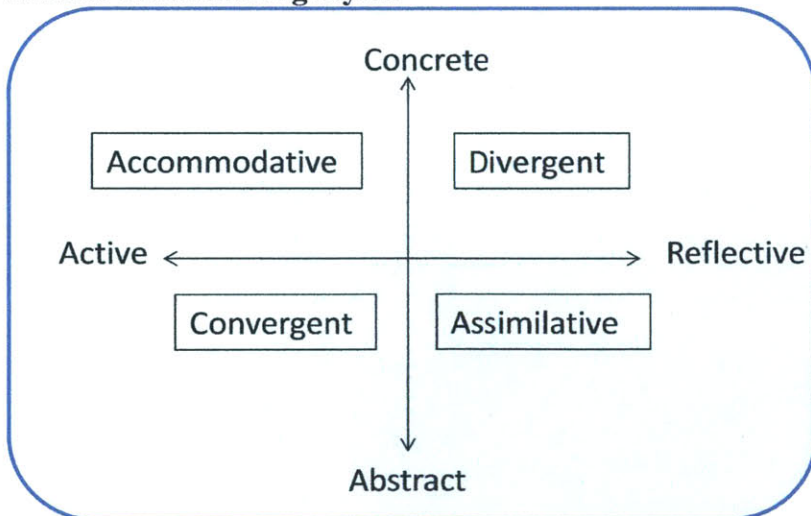
Week of Jul 31, 2006 : ■ MCD 35.41



Source: <http://finance.yahoo.com/>

The figure presents the change in McDonalds' stock price over time. During 2002 and 2003, the company had the most negative returns in the last ten years. This was due perhaps to the lack of capacity to understanding the challenges the company was facing. A new CEO "understood" the problems and created Leadership @ Mc Donalds' Program.

Exhibit 10: :Learning Styles.



Source: Kolb, 1973

Exhibit 11: Firm Performance.

Variable	Items
Market Performance	Sales Volume & Growth Entrance in new markets Market share growth Market share Strong Brand name New product development Fame Investment realization Innovativeness
Financial Performance	Return on investment Profit Margin Profits
Organizational performance	Leader development Employee satisfaction Employee relations Modernization Maintain jobs positions

Source: (Dalakoura, 2010).

Exhibit 12: Articles Research. EBSCOHost Database.

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15. Stout, Brian. 2007. "Leadership Development: Restores Lion Nathan's Roar" T+D 61, no. 12: 68-70. EBSCOhost
16. Tighe, Eileen. 2007. "Leadership Development." *Leadership Excellence* 24, no. 10: 13. EBSCOhost
17. Till, Greg. 2007. "Getting Results from a Systemic Front Line Leader Development Program at Raytheon." *Organization Development Journal* 25, no. 4: P95-P103. EBSCOhost
18. Whitney, Kellye. 2005. "in practice: Discover: It Pays to Develop Leaders." *Chief Learning Officer* 4, no. 8: 48. EBSCOhost
19. Williams-Lee, Audrey. 2008. "Accelerated leadership development tops the talent management menu at McDonald's." *Global Business & Organizational Excellence* 27, no. 4: 15-31. EBSCOhost
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Exhibit 13: Leadership Activities in the MIT Sloan Fellows Program.

Experience	Description
Coaching Session	Review of the 360 degree survey
Feedback	360 degree questionnaire answered by colleges in former organization
Introduction Lectures	April Orientation lecture: the “new” organization June orientation
Leadership Framework	4 Capabilities model
Leadership Core Courses	Leadership Seminar Leading Organizations (15.322) Managing and leading people in organizations (15.698)
Leadership Electives Courses	Wide range
Outbound Experience	Thompson’ Island Experience: Team building.
Team work	Deep Dive. Intensive assignment done in learning group. Study Group deliveries: For courses in summer term
Thematic Trip	New York Trip: Meeting with Leaders. Conversation about their personal experience and leaders challenges. International Trip in May
Workshops	Several workshops during SIP Period (Fall break between Term 1 and 2) Several workshops during AIP Period (Winter break in January)

Exhibit 14: Reasons to create a Leadership Development Program

Main objective	Number of cases with this main objective	Reason
Cultural change	3	<ul style="list-style-type: none"> • Acquisition • Eliminate bad practices • Need for a general improvement
Identify key behaviors	3	<ul style="list-style-type: none"> • Improve selection, training and development • Attract and retain the best workforce • Create a customized program
Improve performance	2	<ul style="list-style-type: none"> • Improve executive team performance • Improve sales performance
Succession leadership pipeline	2	<ul style="list-style-type: none"> • Improve succession planning • Ensure excellence performance and growth
Attract talent	1	<ul style="list-style-type: none"> • Difficulties to obtain best people
Research relations	1	<ul style="list-style-type: none"> • Learn cause-effect dynamics
Total	12	

Source: Thesis author.

Exhibit 15: Case Study Analysis: Reasons to Develop a Leadership Development Program.

Main Objective	Main reason to deploy the program	Type of objective
Identify competences needed for effective leadership	Improve selection, training and development of leaders	Identify key behaviors and training
Increase leadership across the organization	Weak “bench”. Problem with CEO succession	Develop a leadership pipeline
To be a “great place to work”; to attract and retain talent; to promote from within	Lack of leaders and low attractiveness for new employees	Attract talent
Modify the culture	Company was acquired	Cultural change
Fill up the leadership pipeline	Ensure excellent performance and market growth	Succession pipeline
Ensure employees are equipped to provide excellent service in the organization that supports high performance	To attract and retain the best workforce	Identify key behaviors and training
Decrease aggressive-defensive managerial style	Diminish assessed by a critical evaluation of functional teams; structure and brand	Cultural change
Improve Performance of the executive team	New CEO, Assess a low performing Executive Team	Improve performance
Measure the relation between organization climate and organization performance	Climate is used in the organization to measure leadership quality.	Research
To help leaders change the culture	To improve performance	Cultural change
Improve sales performance	Evaluate the effect of leadership development program on sales performance	Improve performance
Create a measurable program	Previous program did not have measurable results.	Identify key behaviors and training

Exhibit 16: First Survey. Administered November 14, 2010.

LEADERSHIP TRAINING SURVEY.

This survey was sent to all members of the Sloan Fellows Class of 201, 74 responded. My goal was to obtain qualitative information about leadership programs in different companies.

Part I. Company and leadership programs.

1. Are you self-funded in the Sloan Fellows Program? If you are sponsored indicate if you are sponsored by your company (or organization) or sponsored by another institution.

a) Self- funded
b) Sponsored by my company
c) Sponsored by other institution

2. If you are you self-funded in the Sloan Fellows Program? Why were you not sponsored by your previous company?

a) I quit the company to find other opportunities
b) The company doesn't support this type of programs
c) The company supports this type of program, but I didn't want to ask for it.
d) I am sponsored

3. If you are sponsored, why does the company support you to come to this program? You can pick all that apply. If you are self-funded, select option e).

a) Retention		
b) Training in technical skills, like finance, marketing, strategy, etc.		
c) Training in leadership		
d) Networking		
e) Self-funded		
Other reason.		

4. If you are self-funded, what are your priorities for coming to the Sloan Fellows Program?

	Less important 1	2	3	More important 4
a) to obtain the MBA (or MSc) degree				
b) For training in technical skills, like Finance, marketing, strategy, etc.				
c) For Training in Leadership				
d) For Networking				
e) Sponsored				
Other reason				

5. Regardless if you are sponsored or not, did your previous company have formal leadership training as part of executive career development?

a) Yes
b) No

6. In your previous company, did the CEO and/or the Senior Management Team have formal training in Leadership?

a) Only the CEO
b) The CEO and some of the Senior Management Team
c) The CEO and all of the Senior Management Team
d) None of them
e) I don't know

7. How do you judge the leading team in, terms of their ability to lead?

	bad 1	2	3	4	excellent 5
ability to lead					

8. About the leading team.

	Yes	No
Do some of them have a MBA degree?		

Part II. Effects of leadership in the company

9. How do you judge the distribution of leadership in your company?

a) Concentrated only in the CEO	
b) Concentrate only in the CEO and Senior Management Team	
c) Spread abroad within manager positions	
d) Spread abroad to all the organization	
e) It was not a clear leadership in my previous organization	

10. What do you think are the most important benefits that leadership brings to your organization? Pick all that apply

a) Makes the work easier	
b) Makes the work more enjoyable	
c) Improves the performance of the organization	
d) Allows to a clear promotion system to move up in the organization hierarchy	

11. In your opinion, What is the effect of concentrated leadership (CEO) in the performance of the organization?

	Reduce the performance of the organization	Improve the performance of the organization	doesn't make a difference among both types	Leadership doesn't have effect on performance
a) Concentrated leadership				
b) Distributing leadership				

END OF FIRST SURVEY

Exhibit 17: Second Survey. Administered February 10, 2010. (57 responses)

Name:	
Company Name: (Regardless if you are or not a employee right now)	
Company's country (Head quarters)	

Part I. Company description

1. What is the industry of your previous company? (classification used by the program office)

Aerospace	
Banking	
Business Process Outsourcings	
Computer related services	
Construction/Real State	
Education	
Energy	
Entertainment	
Financial services	
Food/Bev/Tobacco	
Government	
Health care/Medicine	
Import/Export/Trading	
Insurance	
international Finance/development	
Manufacturing	
Media/Communications	
Pharma/Biotech	
Technology	
Telecommunications	
Transportation	
Venture Capital	
Other	

2. Considering your domestic market, how big is your company in term of sales?

Small	
Medium	
Large	

3. How much is the total sales volume?

Sale last year (in million of USD)(leave it empty for non-profit)	
---	--

4. How many employees does your company have?

Number of employees (unit)	
----------------------------	--

5. Is your company a “leader company”?

Leader (ranking 1 st or 2 nd)	
Well positioned (ranking 3 rd to 30%)	
Follower (the rest)	

6. Does your company have a budget for human resources development?

Yes	
No	
I don't know	

7. Does your company have leadership development programs?

Yes	
No	
I don't know	

8. If yes, does your company formally measure the profitability that leadership development programs generate?

Yes	
No, my company does not have a formal measurement	
No, my company does not have a budget for this type of programs	

9. What type of leadership training programs are used by your company? (check all that apply)

AT-WORK	
• 360-degree survey	
• Upward feedback survey	
• Mentoring	
• Executive coaching	
• Job assignment (challenging roles)	
• Action learning (working on company' issues by doing)	
• Others, please specify:	
IN THE CLASSROOM	
• In-house formal training program (from 1 days to 4 weeks) for senior executives	
• In-house formal training program (from 1 days to 4 weeks) for middle level	
• Domestic University program (1 day to 1 month)	
• International University program (1 year or more)	
• Executives MBA or Master	
• others, please specify:	
My company doesn't have a leadership training program	

10. To nominate candidate for this program, What process does your company use?

Each executive has a career development plan which include this program	
Senior manager decide who will attend (discretionary)	
Anyone in the company can apply. Acceptance depends on superior evaluation	
Some employees can apply, depending on their position & individual performance	
My company doesn't support this kind of programs	
I don't know	

11. What level of priority does your former employer give to leadership development?

low 1	2	3	4	high 5

12. If you are sponsored, do you know your position after the program?

Yes	
No	
I am self funded	

13. In your opinion, What level of priority does your company give to following programs?

	High		some		Low
Leadership development					
Product innovation					
Cost reduction					
Internalization					

14. Are Sloan Fellows Alumni currently working in your company?

Yes	
No	
I don't know	

15. Regarding the Sloan Fellows executives in Questions 14, how much do you agree with the following statement?

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	I don't know
Most of them move up in the organization structure						
Did they face new challenges after their return to the company?						
Most of them quit the company after returning to it.						
Did they improve the performance of their division/unit/company when they returned?						
There are not Sloan Fellows alumni in my organization						

Part II.

16. Considering the 4 Capabilities Model, how much do you feel you have improved your skill in each area?

	nothing	few	neutral	some	a lot
Sensemaking					
Relating					
visioning					
Inventing					

17. How much do you agree with the following statements?

As a result of the program,....	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
My ability to effectively enhance the performance of others has been positively affected					
My willingness to value the perspective of others has been positively affected					
I am a more effective team member					
I obtained new skills that will allow me to be a better leader					
I will try to support the leadership development in the organization in which work					

END OF SECOND SURVEY

Exhibit 18: HR questionnaire

I collect six questionnaires from organizations that are sponsoring Sloan Fellows in the program. Some of these were done by phone call or email. In one case, my survey was translated into the Japanese by one classmates. In most of the cases, the VP or Managing Director of HR answered the survey. More detail on the companies and interview appear in Table 5-B.

Your Name:	
Position:	
Company Name:	
Country Where Your Headquarters is Located:	
Main Activity of the Company:	

1. In what priority are these initiatives ranked at your company? (Mark one X per activity)

Activity	High		Medium		Low
Develop technical skill-oriented programs					
Talent retention					
Reducing cost in human resources initiatives					
Leadership development					
Succession planning					
Increase talent acquisition					

2. In your opinion, is leadership is a scarce resources?

	Scarce resource	In your company	In your industry
Yes			
No			

3. What challenges are your leaders facing at this time?

Please describe:

4. Does your company have a formal program for leadership development?

Yes	
No	
I don't know	

5. What type of leadership development program do you have? (Pick all that apply)

AT-WORK	
• 360-degree survey	
• Upward feedback survey	
• Mentoring	
• Executive coaching	
• Job assignment (challenging roles)	
• Action learning (working on company' issues by doing)	
• Others, please specify:	
IN CLASSROOM	
• In-house formal training program (from 1 days to 4 weeks) for senior executives	
• In-house formal training program (from 1 days to 4 weeks) for middle level	
• University program (1 day to 1 month)	
• University program (1 year or more)	
• Executives MBA or Master	
• others, please specify:	
My company doesn't have a leadership training program	

6. Does your company measure the result of their investment in leadership development programs?

Yes	
If Yes, How does your company measure this ?	
No	
I don't know	

7. What are the most successful initiatives or experiences that your company has conducted in the area of leadership development?

Please describe,

8. Would you like to comment on a relevant issue for your company that is related to leadership development that could be useful for the purposes of this research?

Please describe,

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