Leader-Follower Theory for the Learning Organization

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About the Author:

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Abstract:

The purpose of this article is to examine the leader-follower theory and its contributions to the learning organization. The article will explore how this approach contrasts against great man, top-down and agency theories. The article targets organizational leaders who wish to develop a transformational organization using the leader-follower and learning organization theories.

The Leader-Follower

Leaders often seek a method that will aid them in efficiently moving their organization toward specific goals and objectives with the least amount 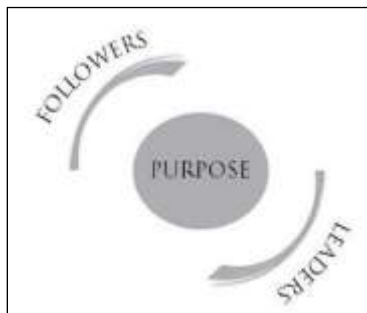of resistance. Out of this have come many theories and processes regarding the nature of leadership and management. Most will concur that leadership is a "process by which a person influences others to accomplish an objective."[1] Leadership by its very definition presumes that there are followers to lead. Historically one can find many theories including great man, top-down and agency theories that deal with leadership and its influences over subordinates in varying degrees. Bennis, as quoted by Gilbert and Matviuk said, "The academic circle of society still tends to focus on leadership as a position contained by one person within the organization [yet] some researchers and scholars began to question if traditional top-down leadership theory is still relevant."[2] Leaders often seek the secret formula of leadership theory in their pursuit of effective organizational transformation. One viable option to consider in such a pursuit is that of the leader-follower.

Figure 1: *"Followers and leaders both orbit around the purpose; followers do not orbit around the leader" – Ira Chaleff.*

A leader-follower is simply when "at any one time, leaders assume followers' roles and followers assume leadership roles."[3] A leader-follower implies a system of "two or more persons working together."[4] Unlike traditional definitions of leadership, this approach claims "Followership and leadership are not so much about position, but about their ability to influence through behaviors and self-concept."[5] As Figure 1 illustrates; "Followers and leaders both orbit around the purpose; followers do not orbit around the leader."[6] One can argue that in the context of a leader-follower, one may also be a servant leader. Servant leadership is based on where the leader places their focus. The focus of a servant leader is "on followers, and his or her behaviors and attitudes are congruent with this follower focus."[7] While literature reveals that servant leadership stands on its own[8], one can argue that servant leadership is a component of the leader-follower process. The concept of leader-follower conflicts with traditional approaches to leadership such as great man, top-down and agency theories. This article explores the challenges facing organizations that are not presently engaged in leader-follower or learning organization theories and will aid them in a move toward a transformational learning organization.

Great Man Theory

The leader-follower theory is in stark contrast with the great man theory, which focuses on "the innate qualities and characteristics possessed by great social, political, and military leaders."[9] The Great Man Theory essentially presumes that all great leaders are born and not made. The leader-follower theory challenges the great man in that the leader-follower relies on a reciprocal and interdependent relationship.

Figure 2: Great Man Theory states that there is a natural instinct for leadership and who is place in such a position of some observable greatness. – Peter Northouse.

Historically, the great man theory was developed in the early 1900s when "leadership traits were studied to determine what made certain people great leaders."[10] Researchers focused on "identifying the innate qualities and characteristics possessed by great social, political, and military leaders."[11] Researchers believed that individuals were born with particular traits that only certain "great" people possessed.[12] Research of this time focused on traits of a leader as it was thought that leaders possessed certain attributes "that distinguished them from people who were not leaders."[13] Unfortunately, for the researchers, only weak relationships were discovered between the personal traits of the leader and their success as a leader.

The great man theory fits well with a top-down approach to leadership in that is assumes that the leader at the top has a natural instinct for leadership and who is placed in such a position out of some observable greatness.

Top-Down Leadership Theory

Top down leadership naturally follows the Great Man theory in that a top-down organization is a traditional model whose concept is "borrowed from centuries of war, military hierarchy, dictatorships and monarchies. In most company's it looks like the chart on the right."[14] As noted in Figure 3, the focus of the organization is on the leader at the top of the chain of command. As the Figure states, the CEO is in command and there are many layers between them and the customer. Based on its origins one could argue, "Many companies are at war with their customers."[15] One can see from this traditional model that the front lines in this model

Figure 3: Top-Down Leadership hierarchy places the focus on the leader at the top of the organization chain of command.

are the employees. In a top-down organization, everyone focuses on "the boss and away from the customer."[16] One will note that top-down leadership style conflicts with the leader-follower because of its focus. Leader-follower places the focus on the purpose and not any one leader. Because of such a conflict, one can argue that a top-down organization places the focus in the wrong direction. In top-down, everyone in the organization focuses on the boss, while the competition ends up focusing on the customer.

Agency Theory

Agency theory builds on the top-down model as it is typically where "one party (the principal) delegates work to another (the agent), who performs that work."[17] One could argue that agency theory can often be found within large corporations, including structures such as top-down where "the principal cannot verify that the agent has behaved appropriately."[18] Because the principal does not know if subordinates are doing their job, one can see that the agency is concerned with "the optimal structuring of control relationships resulting from reporting and decision-making patterns."[19] According to literature, one aspect of control would come in the form of information, which is "regarded as a commodity: it has a cost, and it can be purchased."[20] One could argue that because of the organizations size and structure, the principals defined as "stockholders, [become] separated from the management of the firm by their agents, the managers."[21] Literature reveals that larger organizations with agency-like structures are more likely to "invest in information systems in order to control agent opportunism."[22] One could argue that the separation and lack of trust creates the need for not only more information on the subordinates but also problems in risk sharing "when the principal and agent have different attitudes toward risk."[23] For example, "shareholders may want higher dividends, whereas managers prefer to reward themselves with higher bonuses." [24] The struggle remains as to how the organization can bring both parties into alignment. Within an agency structure, "uncertainty is viewed in terms of risk/reward trade-offs, not just in terms of inability to preplan."[25] One could argue that such uncertainty coupled with "differences in willingness to accept risk should influence contracts between principal and agent."[26]

One could argue that because agency theory is focused on self-interest, the agents' willingness to engage in risk will be directly proportionate to the level of reward received by the principals (stockholders). One could infer that the success of the organization is tied to the ability to reward subordinates for their effort of risk.

Table 1 provides an overview of the Agency theory. One will note that while the key idea of agency theory is to create a "principal-agent relationship" which provides an efficient risk sharing organization. Research confirms that in fact the agency theory forces members of the agency to develop motives of self-interest and aversion to risk unless rewards are present.

Agency theory, by its nature, creates differing goals and potentials for distrust. One potential response to the agency theory would be that of the transformational learning organization.

Agency Theory Overview	
Key Idea	Principal-Agent relationships should reflect efficient organization of information and risk bearing costs.
Unit of Analysis	Contract between principal (stockholders/owners) and agent (employees)
Human Assumptions	Self-interest
Organizational Assumptions	Partial goal conflict among participants.
	Efficiency as the effectiveness criterion.
	Information asymmetry between principal and agent.
Information Assumption	Information as a purchasable commodity.
Contracting Problems	Agency (moral hazard and adverse selection). Risk Sharing.
Problem Domain	Relationships in which the principal and agent have partly differing goals and risk preferences (e.g., compensation, regulation, leadership, impression management, whistle-blowing, vertical integration, transfer pricing).

Table 1: Source: Eisenhardt, (1989), page 59.

Transformational Learning Organization
One should first understand the definition of a transformational learning organization to grasp its importance. In a learning organization, "everyone is engaged in identifying and solving problems."[27] This problem solving is nothing more than learning. Research indicates that learning "is approached as an outcome – the end product of some process."[28] The organization, as whole, gathers to study a problem and discover some process to create a desire outcome.

As Figure 4 implies, everyone within the organization rallies around a problem and works together to solve it. Literature reveals that the learning organization are typically "skilled at acquiring, transferring, and building knowledge that enables the organization to continuously experiment, improve, and increase its capability."[29] A learning organization requires "equality, open information, little hierarchy, and a shared culture that encourages adaptability and enables the organization to seize opportunities and handle crisis."[30] One will find that within learning

Figure 4: "In a learning organization everyone is engaged in identifying and solving problems" – Richard Daft.

organizations, "leaders emphasize employee empowerment and encourage collaboration across departments and with other organizations.[31]

Conditioning may result in a change in behavior, but the change may not involved drawing upon experience to generate new knowledge. Not surprisingly, many theories have, thus, been less concerned with overt behavior but with changes in the ways in which people understand or experience, or conceptualize the world around them."

Peter Northouse asserts that one of the "important tasks of leaders in learning organizations [are] to be the steward (servant) of the vision within the organization."[32] One could argue that servant leadership is at the center of a learning organization in that a leader must not be "self-centered but integrating one's self or vision with others in the organization."[33] Literature reveals that a learning organization

Figure 5: All four levels of learning must be present to be a Learning Organization.

creates systems that "are fluid, based on networks of shared information."[34]

Figure 5 indicates that all four levels of learning must be present to be a learning organization. Organizational learning relies on individual learning at its core. The learning leader will have to give up "control in the traditional sense."[35] Leaders will influence others "through vision, values, and relationships rather than power and control."[36] One could argue that the level of success of a learning organization is tied to the leaders' willingness to also learn and grow beyond the traditional expectations of leadership.

Transitioning to a Transformational Leader-Follower Organization

Literature reveals that the symbiotic relationship between leader and follower best fit the needs of a transformational focused learning organization. One could argue that great man, top-down and agency theories all create a disdain and in many cases distrust for the hierarchy of leadership and the focus is on

leadership rather than the customer. These models approach leadership as a "do as I say" and typically benefit only the leader. From research one can discover that a "transformational strategy is needed to increase empathy and bridge the gulf between the disdainful leader and others."[37]

One can argue that organizations seeking to become transformational must first look to the structure of their organization and, where needed, dismantle ineffective structures and hierarchies. Leaders must act honestly and earnestly to consider whether their current structure fits into the context of the great man, top-down or even agency models. As organizations begin to examine and change their structure, the leaders will also need to change how they communicate and interact with the subordinates. Literature argues that "leaders with the most developed cognitive and communicative abilities were the most likely to be perceived as transformational by their followers."[38]

One can argue that the key to building a transformational organization begins with an understanding of "how one views their employees as well as self."[39] One option toward transformation is that of servant leadership. A servant leader will put others before self. This is certainly in contrast to the top-down and great man theories. Miller points out that with a servant leader, "strong organizations are more important to them than egoistic reputations."[40] Servant leadership engages the leader-follower in that the leader knows when to defer to the follower and the leader then serves the follower to accomplish a common goal of the organization.

Based on research one may conclude that a transformational organization should embrace the leader-follower concept. The leader-follower will be someone who puts their needs last as they seek to humbly serve those around them. A leader-follower understands that they do not know it all and that deferment through followership is an effective method to getting the job done. The leader-follower theory pushes followers beyond the context of subordinate and obedience and opens the opportunity for innovation and growth within an organization otherwise unrealized in the top-down and great man organizational models. Literature states that it is not so much about a position, "but about [the leaders/followers] ability to influence through behaviors and self-concept."[41] Evidence has shown that organizations where the leader-follower methodology is in use will yield individuals who desire investment in their jobs and the organization as a whole. One could argue that a servant-hearted leader-follower will generate the most effective plans and visions for the transformation of their organization.

Based on research on may conclude that a transformational learning organization should embrace the leader-follower concept. The leader-follower will be someone who puts their needs last as they seek to serve those around them. A leader-follower within a transformational learning organization understands that they do not know it all and that deferment through followership is an effective method to getting the job done. This kind of deferment is counterintuitive to the great man, top-down and agency organization models. Evidence has sown that organizations where the leader-follower methodology is in use will yield individuals who desire investment in their jobs and the organization as a whole. One could argue that a leader-follower learning organization will generate the most effective plans and visions for the transformation of their organization. Organizations within the context of top-down and agency must first realize that a shift toward a learning organization will take time and a great deal of communication. Additionally one may argue that the biggest hurdle top-down and agency style organizations must clear is that of building trust, increasing communication and transferring the organizational

focus from the leadership to the followers. While this process may appear to be daunting and will take great effort, one could argue that the rewards of a transformational learning organization are worth it in the end.

Figures & Tables

Figure 1: Graphic - Chaleff, Ira (2003). *The Courageous Follower.* San Francisco, CA: Berrett-Koehler Publishers, Inc., p. 220.

Figure 2: Graphic - Adams, Jodi (2010) "Great Man Theory" Retrieved: http://careerchoicecoach.com/leadership-theories/

Figure 3: Graphic - Homula, Michael (2010) "Servant Leadership for Real." Retrieved: http://www.bearingfruitconsulting.com/2009/07/servant-leadership-not-so-with-you.html

Figure 4: Graphic - Business Hub (2010) "Learning Organizations." Retrieved: http://www.businessihub.com/learning-organization

Figure 5: Graphic - Retrieved: http://www.ema-inc.com/communicator_spring05.html

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