



**The Leadership
Challenge**
A Wiley Brand

Great Leadership Creates Great Workplaces

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There's no doubt about it— we live in challenging times.

And as surprising as it may sound, we're likely to see some of the most extraordinary leadership we've seen in decades come out of this turbulence. Leaders, it turns out, don't do their best when they're maintaining the status quo or when they feel comfortable. They do their best when faced with adversity, crisis, setbacks, and great difficulty. Challenge provides the opportunity for greatness.

But whether they face challenging times or not, organizations can only achieve great results in the marketplace by making extraordinary things happen on the inside first. And that requires great leadership or, as we like to say, *exemplary* leadership. Indeed, there is overwhelming evidence that great leadership creates great workplaces, and, in turn, great workplaces create great marketplace results. So, if you want better results in the marketplace, ensure that you are working on

fostering great leadership within your organization. In making the case that great leadership is the key to creating great workplaces, we will present evidence that leadership makes a meaningful difference in people's engagement at work and in the performance of the organization. We'll do this by exploring what the difference looks like in terms of The Five Practices of Exemplary Leadership®—the practices that we found in our research lead to extraordinary results. And within this framework, we will provide you with practical ideas and actions you can take to become a better leader and foster a great workplace.

One additional note: developing leadership competency isn't just an issue for any single function, industry, or nation. As we've all seen through the impact of the COVID-19 pandemic and the global uprising over police brutality and racial equity following the deaths of George Floyd and Breonna Taylor, leadership is a **global** issue. That means the future of our global community depends on exemplary leadership *at all levels*—both now *and* in the future.

Leaders Make a Difference

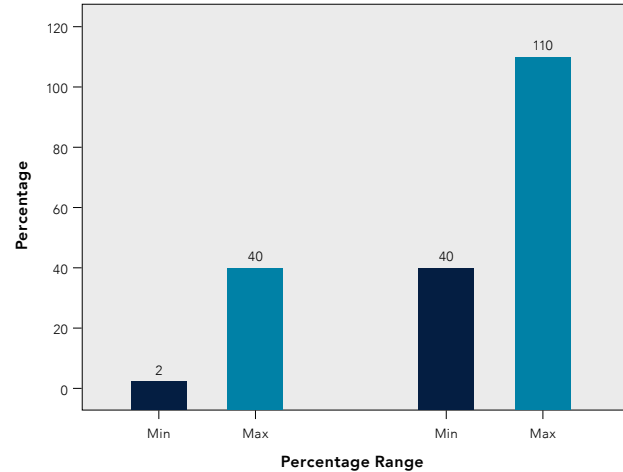
Consider what people report when we ask them to think about the worst and the best leaders they've ever worked for and the percentage of their talents these leaders were able to unlock. Over the years, we've asked this question to a wide variety of people, and their answers have been the same. When people think about their worst leaders and the percentage of talents these leaders brought out in them, we get a range of anywhere between two to 40 percent, with an average of about 31 percent.

In other words, our research shows that people report that in their experience, their worst leaders tapped less than a *third* of their available energy and talents. Many continued to work hard, but few said that they put into their work all that they were capable of delivering. Those few who reported a higher percentage noticed and voiced their resentment about how they had to do so much more than was necessary because of their boss's ineptitude and lack of leadership.

This percentage is in sharp contrast to what people report when they think about their most admired leaders. The best leaders bring out anywhere from 40 percent of our talents (this bottom was the top of the range for the worst leaders!) to 110 percent.



Figure 1: The Best Leaders Bring Out Two to Three Times the Talents in Others Compared to the Worst Leaders
Worst = 31.2%
Best = 95.1%



There's clearly a difference between our best and worst leaders. As illustrated in Figure 1, the best leaders get more than *three times* the amount of talent, energy, commitment, and motivation from us compared to their counterparts at the other end of the spectrum.

Our data on employee engagement reinforces the experience that all of us have when we think about our best and worst leaders. In analyzing responses from nearly three million people around the world, we found that those leaders who more frequently exhibit The Five Practices of Exemplary Leadership have employees who are more committed, proud, motivated, loyal, and productive than individuals whose leaders exhibit these practices less frequently. Overall engagement scores are 25 to 50 percent *higher* among the groups with leaders who exhibit exemplary leadership.

When people reflect on their own experience, it becomes crystal clear that *leaders make a difference*. They make a significant and meaningful difference in people's willingness to put forward more discretionary effort, and they make a difference in organizational performance.

Are Leaders Born or Made?

Leadership is an *observable pattern of practices and behaviors and a definable set of skills and abilities*. And any skill can be learned, strengthened, honed, and enhanced. What's required, however, is the willingness to become better. We find in our studies that the more people are engaged and interested in learning, the more successful they are in leading.¹ Great leaders are great learners. They stay open to new information and the ideas of others, and they aren't afraid to experiment and make mistakes.

If you want to be great at anything, whether it's playing a computer game, the piano, or sports or being a leader, sustained effort, deliberate practice, and good coaching are required. The truth is that if you know that leadership makes a difference and you want to become a better leader, you have to deliberately and consciously practice. So, what do you practice?





The Five Practices of Exemplary Leadership®

What is it that people are doing when they are at their personal best as leaders? We've been asking these questions of leaders at all levels for over three decades, and the responses have been highly consistent and illuminating. Through analyses of more than five thousand interviews and case studies and over five million survey responses from across the globe and from all kinds of organizations, industries, functions, levels, occupations, ages, and ethnicities, we've found that when people are doing their personal best as leaders, they

- **Model the Way**
- **Inspire a Shared Vision**
- **Challenge the Process**
- **Enable Others to Act**
- **Encourage the Heart**

And you don't need to take just our word for it. This framework has been subjected to rigorous testing of its reliability and validity by more than eight hundred scholars from around the world who have used this model in their own studies of leadership. Where's the evidence that The Five Practices of Exemplary Leadership make a difference? We'll answer that next.



What Is a Great Workplace?

The key to a great workplace is an engaged workforce. Engagement is a heightened emotional connection that you have with your workplace, and this connection drives (even compels) you to work hard.ⁱⁱ Feeling positive about being part of the workplace strongly influences people’s willingness to apply discretionary effort to their work.

This is exactly what we saw in the study we conducted on the best and worst leaders. People will put forth much more effort for their best leaders and very little for their worst leaders. Leaders who foster engagement stimulate people to go from acceptable to good and even to great.

So, how do we measure engagement? Scholars and companies measure it in a variety of different ways, but to truly measure a heightened emotional connection with work, you have to tap into people’s feelings about their workplace. In our surveys, we measure engagement through a multiple-item scale that we call Positive Workplace Attitudes (PWA). In our studies, we found that individuals who worked with exemplary leaders scored highest in PWA. But what else might explain why some people are more positive and engaged than others?

Instead of assuming that better leadership results in higher engagement, we took a look at nine additional variables to determine the impact they have on individual levels of engagement and Positive Workplace

Attitudes. These variables included an individual’s age, gender, educational level, functional area, industry, hierarchical level, the organization’s size, their tenure with the organization, and their country of origin.

When we consider these nine variables together, they account for less than *two-tenths of one percent* of the variation in how people feel about their workplace. Empirically, the amount of explained variation in PWAs that is accounted for by any single demographic or organizational variable is close to zero.

These findings dramatically illustrate the point that what makes people engaged in their workplaces and willing to apply discretionary energy and output doesn’t have that much to do with who they are or what they are doing.

What makes the most difference in how people feel about their workplace is how their leaders behave. The Five Practices of Exemplary Leadership explain nearly 40 percent of the variance in people’s reports of their levels of engagement in the workplace. In Table 1, you can see that the greater the extent to which people report their leaders engaging in The Five Practices, the more positive their work attitudes. This shows a direct, positive relationship: the more people’s leaders use each of The Five Practices, the more positive and engaged they report being in their workplace.

Leadership Practices	Low PWA	Moderate PWA	High PWA
Model the Way	42.16	47.16	51.40
Inspire a Shared Vision	39.69	44.18	49.20
Challenge the Process	40.14	45.12	49.47
Enable Others to Act	45.25	49.81	53.39
Encourage the Heart	40.85	46.25	51.01

The Five Practices: How Leaders Make a Positive Difference

More than any other factor, the quality of the leadership you experience explains how you feel about the place you work. And these feelings affect motivation, which, in turn, directly impacts performance and the company's bottom line.

Across ninety-four different organizations, researchers found that the company's net income growth and stock price performance over a ten-year period were significantly correlated with the extent to which rank-and-file employees reported that senior

leaders engaged in The Five Practices.ⁱⁱⁱ Actual bottom line marketplace results stemmed from how leaders behaved and, in turn, how their constituents performed. In other words, great leadership creates great workplaces that produce great results.

To explain how exemplary leaders produce extraordinary results, we'll answer these questions:

- What exactly are The Five Practices of Exemplary Leadership?
- What are the leadership behaviors and actions that make a difference?
- What can we do to become exemplary leaders?
- What can we do to help others improve their leadership abilities?





Model the Way

One of the things people told us they did when they were at their personal best as leaders—and what people said their best leaders did that made them feel engaged in the workplace—is Model the Way. To Model the Way, you first have to *clarify your*

values by finding your voice and affirming shared values. If you're going to set an example for others, you need to know your foundation. You need to be able to answer the question, *What are the values and principles that should guide my decisions and actions?*

Being clear about your leadership philosophy pays big dividends. Clarity increases engagement for both leaders and their constituents. When leaders indicate that they are clear about their leadership philosophy, they report being 25 percent more engaged in their workplace. And as constituents report that their leaders are clear about their leadership philosophy, they indicate being 40 percent more engaged than those constituents who say, "You know, the person I work for is not very clear about what he or she stands for." The latter are just not as focused and positive about their



workplace as those who work for leaders who know what they stand for and what they are willing to do.

But modeling the way is more than just words. It's actions. Mary Godwin, an executive leader in the software industry, realized in her personal-best leadership experience that she couldn't ask anyone else to commit until she knew that she was willing to make the same commitment herself. Exemplary leaders *must set the example by aligning their actions with shared values.* There's got to be evidence. The words and deeds need to go together, or no one will believe in or follow that person.

In his book *The Integrity Dividend*, Tony Simons of Cornell University provides concrete evidence that aligning actions and words pays off. His research shows that companies where employees strongly believed that their managers followed through on promises and demonstrated the values that they preached were substantially more profitable than those whose managers scored average or lower on Model the Way by their employees.^{iv}

So, what can you do as a leader with Model the Way to increase employee engagement and promote positive work attitudes? Here's one way you can enact Model the Way. At the end of each day, ask yourself this question: "What have I done today that demonstrates the values that I hold near and dear?" This implies, of course, that you understand what your values are. This reflection will give you the chance to review what you've done during the day—in your deeds, in your communications, in the people you've talked to, in the stories you've told, and in the ways you've spent your time—to be consistent with your core values. You might also ask yourself, "What have I done today that might have, even inadvertently, been inconsistent with what I value and believe in?" This reflection will prepare you to ask a final question: "So, tomorrow, what do I need to do differently so that my actions match my words?"



Inspire a Shared Vision

When people are at their personal best as leaders, they envision an exciting and ennobling future, and they enlist others in that common vision by appealing to shared aspirations.

The point is that as a leader, you can either create a foggy environment for people or provide a clear road ahead. The choice is yours, but you know that when you clear away the fog, people work more effectively, more quickly, and with less stress. Jim Hackett, the CEO of an American multinational automaker, observed that a leader is an individual who can “look at the chaos and provide a point of view about what needs to be done.”^v

When studies ask the question, “What kind of information do people want more of from their management?” the responses are quite consistent. We all want to know, first of all, reliable information on where the company, program, project, product, or team is going. And we want to know how each of our jobs fit into the big picture.

Envisioning the future is not enough, however. In the personal-best leadership stories we gathered, people talked about building commitment to a common purpose and direction. As Deborah Bishko noted, who was with IBM at the time of her personal-best leadership experience, “You have to be able to communicate how everyone involved has something at stake in the outcome.” This is especially true during adverse times when people feel uncertain about the future. As a leader, you may not be able to predict what will happen, but you can talk about what you desire to create together as an organization or as teams.



When constituents report that their leaders are envisioning the future and are appealing to common interests, they report being 25 percent more engaged. And what’s also interesting is that constituents’ responses to the question, “How effective is your leader?” are significantly affected by how they rate their leader’s ability to Inspire a Shared Vision. Leaders were evaluated as more than twice as effective when they were seen by their constituents as envisioning the future and enlisting others.

So, what can you do with the leadership practice of Inspire a Shared Vision to increase employee engagement? First of all, don’t lose sight of the future by focusing only on the here and now. You need to spend time answering three questions:

1. What is happening in our external environment that is going to affect us in the future?
2. Where do I see us in three to five years?
3. What can I do to make sure that we share a common view of our future?

Second, be sure to communicate your excitement about the parts that other people are playing in making your organization’s mission a reality. That’s what inspiring is all about. Third, speak openly, positively, and often about a brighter future for the organization.



Challenge the Process

Leadership doesn't happen by doing business as usual. It's about doing things you've never done. No one ever made anything extraordinary happen by keeping things the same. Leaders take us to places we've never been

to before. Exemplary leaders *search for opportunities by seizing the initiative and looking outward for innovative ways to improve. They experiment and take risks, constantly generate small wins, and learn from mistakes.*

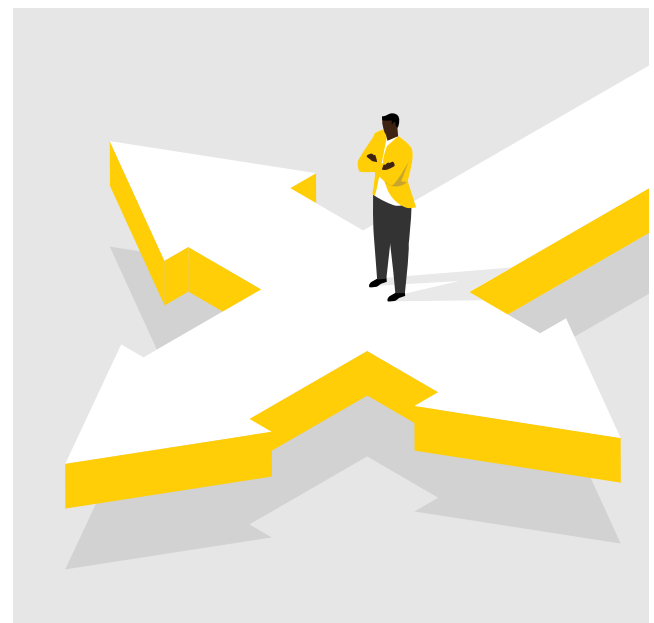
Leaders are not probability thinkers; they are *possibility* thinkers. In our research, we've asked people the question, "When you were at your personal best, what was the probability of success?" Their responses are quite intriguing because the probability was not very high on day one. And when we follow up by asking, "So then why did you do it?" they inevitably tell us something along the lines of, "Because I thought it was possible." Indeed, the world has moved forward precisely because some people have ignored the probabilities, what others didn't think could reasonably happen, and believed that it was indeed possible. They took the first courageous steps to make something new happen.

In our research, we asked constituents about the extent to which their leaders sought out challenging opportunities that tested their skills and abilities, and we also asked them about the extent to which their leaders, in turn, challenged others to try out new and innovative ways to get their work done. The data shows that being challenged resulted in greater levels of engagement.

Constituents who felt challenged by their leaders

reported 25 to 35 percent stronger feelings of being engaged. And, interestingly, their assessments of their leader's effectiveness was strongly associated with challenging the process. The least challenging leaders received evaluations from their constituents that were 40 percent lower than those received by leaders viewed as seeking out challenges from themselves and their teams.

There needs to be a positive purpose behind your questioning the status quo. Being effective in challenging the process requires a learning mindset. As a Swiss senior manager working with the Red Cross explained from his personal-best leadership experience, "Leadership is learning by doing, and adapting to actual situations. Leaders are constantly learning from their errors and mistakes." Learning doesn't typically happen overnight, and it's a step-by-step process. Leaders divide projects, dreams, and aspirations into smaller pieces so that their constituents can make progress. As Teresa Amabile and Steven Kramer describe in their book *The Progress Principle*: "The key to motivating performance is supporting progress in meaningful work."^{vi}





So, what can you do as a leader with Challenge the Process to have a significant impact on employee engagement? Start by asking those you lead this question every week: “What have you done this past week to be more effective than you were last week?” This ought to be your mantra for continuous improvement. One warning, however: if you ask this of others, you’d better be prepared to answer this question yourself. Although it may not come back to you in week one, by the second or third time that you

ask this question, there’s somebody in your group who’s going to say, “But what have you done to improve?”

Support innovation on the part of others, both by encouraging them to set aside some time on their calendars for that and by providing “air cover” for them in doing so. Furthermore, make sure you are assigning people tasks that challenge them, giving them an opportunity to grow and develop. Like ripe fruit on the vine, people will rot if left too long in one place.



Enable Others to Act

One of the most important lessons about leadership is that it's not something that you do all by yourself; you do it with other people.

When at their best, leaders foster collaboration

by building trust and by facilitating relationships.

Leaders strengthen others by increasing self-determination and by developing their competence.

When leaders Enable Others to Act, constituents are over 30 percent more engaged in their workplaces.

The personal-best leadership experience of Erika

Long, an HR manager with a multinational consumer goods corporation, confirms this finding. She reports, "It is essential to share information with a team. Many times, leaders think that withholding information will help the team be more focused; or perhaps it has to do with wanting the power for themselves. However, I find that sharing information fosters collaboration and communication among the team." When you communicate openly and maintain a sense of transparency with your team or organization, you simultaneously build trust. And trust, of course, is a central aspect of human relationships.

Without trust, you cannot lead. Without trust, you cannot foster collaboration or share information openly. When Jacob Philpott, a supply chain program manager with a multinational technology firm, described his personal best leadership experience, he pointed out that, "If you cannot trust others, then you will fail to become a leader precisely because you are not able to be dependent on the words and work of others." The same goes for the individuals you lead. To perform at their best, people must trust their leaders.

And what do constituents think about leaders who demonstrate these behaviors? Leaders who foster relationships, build trust, strengthen others, and share information are evaluated by their constituents as a whopping 60 percent more effective. If all you wanted to do was to convince someone about the importance of these leadership behaviors, try saying, "Look, do you want to be more effective in the eyes of your constituents? Well, one of the things you need to do is simply enable them to act. It's not just that you'll be more effective; you will make them more effective!"

So, what can you do with Enable Others to Act in order to enhance Positive Work Attitudes and promote engagement? We suggest that you support developmental opportunities and experiences that



build the competence and confidence of people in your workgroup, especially in relation to their next role or assignment. Let them know that “we’re developing your talents not just for today but for tomorrow.”

People want to be able to see, “Where’s this all taking me?” They don’t just want to know that “this will help

me today;” they also want to know that “this will help me grow and develop over the long term.” In addition, listen carefully to what others have to say and demonstrate visibly by your actions that their inputs and opinions are valued. Finally, be sure to allow people to use their judgment and discretion; make sure that they get to exercise some choice in how they do their work.





Encourage the Heart

Nobody likes feeling taken for granted. Leaders are on the lookout for individuals who are living the values that have been agreed to and achieving the goals that have been identified. When at their personal best, leaders

find ways to build the “courage” necessary for people to struggle to achieve shared aspirations. After all, if you’re asking people to do things that they’ve never done before, there’s a reason why they haven’t already done them. Most probably, they’re afraid. You need to make sure that you give them the courage to move forward. You do that when you *recognize contributions by showing appreciation for individual excellence and when you celebrate values and victories by creating a spirit of community.*

Over the years, we’ve asked thousands of people the question, “Do you need encouragement to perform at your best?” When we started asking the question, we didn’t know what the answer would be. The responses turned out to be almost equally divided between “yes” and “no.” Lots of people said, “Well, Barry, the reason I didn’t say ‘yes’ was because I don’t need encouragement. After all, I’m an adult.” Or “Jim, I don’t need encouragement. After all, I’m a professional. I do my job well regardless.” We realized that perhaps we weren’t asking the question in the right way. So, we changed the question and asked, “When you get encouragement, does it help stimulate and sustain your performance?” Would you be all that surprised to learn that now nearly 100 percent of the respondents say yes to this question? “Yes, when I get encouragement, it does help stimulate and sustain my performance.”



What’s true is that all of us need encouragement to perform at our best, even while recognizing that what this means for one person may not be the same for another.

University of North Carolina psychologist Barbara Fredrickson reports in her book *Positivity* that “the first core truth about positive emotions is that they open our hearts and our minds, making us more receptive and more creative.”^{vii} That’s what’s so important about encouraging the heart. When you open people’s hearts, you open their minds *and* you help them see new possibilities. By making people feel safer, more competent, and more capable, they’re willing, paradoxically, to take more risks; they’re willing to be more imaginative and creative. Another payoff, according to her research, is that people who enjoy more positivity are better able to cope with adversity and are more resilient during times of high stress.

Empirically, we find that there are significant benefits for leaders who celebrate accomplishments. Their constituents reported being 26 percent more engaged and positive about their workplace. These same constituents also indicate that their leaders are more than 30 percent more effective. Researchers find that expressing gratitude to others improves the well-being of both the recipients and those expressing it.^{vii} People appreciate leaders who say, “Thank you.” In fact, thank-yous abound in the most innovative

companies. Exemplary leaders appreciate what people do and the time and energy they spend on becoming better. They look for every opportunity to make sure they are not taking things for granted.

So, what can you do with *Encourage the Heart* to make an impact on employee engagement? Let's make this easy to start with: think about how many times a day you thank somebody for his or her contributions to the success of your organization, to customer service, to safety, to profitability, to product

innovation, or other important priorities. Whatever that number is, *double it* starting tomorrow.

Of course, you can't make appreciation trivial or insincere and expect any payoffs other than cynicism. Make sure you genuinely care about what's going on. Spend the time necessary to learn what motivates each of your direct reports and colleagues. And make sure you're not just giving recognition for recognition's sake; you've got to make sure that you link it with the values and the vision that serve to focus and guide people's behavior.



Great Leadership = Great Workplaces = Great Results

That is the formula for success. And it begins with you becoming and being the best leader you can possibly be. You owe it not just to yourself but to all of those people who are counting on you to make extraordinary things possible. The evidence is quite clear: the leaders who most frequently demonstrate The Five Practices of Exemplary Leadership create engaged workplaces filled with people holding Positive Workplace Attitudes that are willing to make above-and-beyond-the-call-of-duty efforts, innovations, and actions needed to solve problems, address challenges, and embrace opportunities.

The question that remains is, will you be one of these leaders? If you have any doubt about it, just remember that The Five Practices of Exemplary Leadership are just that—they are *practices*. That means you and those around you can learn these skills through repetition, patience, and commitment. To face the challenges of today and tomorrow, we *all* need to exercise leadership in our own ways—no matter where we're at. That's a challenge too, but we can do it. After all, leadership is *everyone's* business.

Are you ready to accept the challenge?

To find more information on how The Five Practices of Exemplary Leadership can help develop leadership skills or to sign up for a free trial of the LPI[®]: Leadership Practices Inventory[®] assessment, please visit leadershipchallenge.com/tryfree.

Endnotes

ⁱ B. Z. Posner, "Understanding the Learning Tactics of College Students and Their Relationship to Leadership." *Leadership and Organization Development Journal* 30, no. 4 (2009): 386-395; and B. Z. Posner and L. M. Brown, "Exploring the Relationship Between Learning and Leadership," *Leadership and Organization Development Journal* 22, no. 6 (2001): 274-280.

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ⁱⁱⁱ R.C. Roi, "Leadership, Corporate Culture and Financial Performance" (doctoral dissertation, University of San Francisco, 2006).

^{iv} T. Simons, *The Integrity Dividend: Leading by the Power of Your Word* (San Francisco: Jossey-Bass, 2008).

^v As quoted in A. Bryant, "Leadership Never Looks Prepackaged," *New York Times*, August 18, 2012, <http://www.nytimes.com/2012/08/19/business/james-hackett-of-steelcase-on-authentic-leadership.html?r=0>.

^{vi} T. Amabile and S. Kramer, *The Progress Principle: Using Small Wins to Ignite Joy, Engagement, and Creativity at Work* (Boston: Harvard Business School Publishing, 2011).

^{vii} B. Fredrickson, *Positivity: Top-Notch Research Reveals the 3-to-1 Ratio That Will Change Your Life* (New York: Random House, 2009). And