CHAPTER 18

 Maximizing Values-Based
 Leader Effectiveness

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THIS BOOK ASSERTS that leader who understand, live within, and perform according to their values are personally and professionally successful. For the first edition of this book, the author asked me to write a chapter that linked this argument with strong empirical support. At the time, little was known about leadership in healthcare, and virtually no models of values effectiveness had been established. Today, ten years later, although healthcare executives are more aware of the connection between values and success, relevant literature in this area is still in short supply, and some studies (not empirical research) are poor in quality.
 The reason I find some of these studies deficient is threefold. First, they were sponsored by private interests (e.g., assessment tool publishers, credentialing firms) to market their own products and thus are reductionist in nature; that is, they boil down this comprehensive concept of leadership to a short list of characteristics and offer no explanations about the drivers of success. Second, they are nothing more than personality surveys, which depend on subjective opinions and personal preferences rather than on evidence. Third, they present no unified or practical approach to understanding how a leader’s values affect organizational success. As a result, such research fails to provide true measures of leadership values and effectiveness.
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 The chapter presents a framework—the whole person evaluation model—for understanding leader effectiveness in the context of values. In addition, the chapter reviews findings from empirical research that support the clear connection between leadership values and high performance.
**REVIEW OF THE LITERATURE**
This section summarizes research findings regarding leadership performance –specifically, its out puts (effectiveness) and inputs (values and characteristics).
 Defining Leader Effectiveness
Most healthcare organizations consider financial performance as the number on indicator of a leader’s effectiveness. However, financial results do not identify what the leader did, why the leader did it, or what the leader could have done better.
 Some studies define effectiveness as a *sustained* financial performance (e.g., more than 15 years), as compared with the competition. Organizations with sustained performance, the literature shows, have leaders who can influence the culture, impart their value systems on others, and get others to follow those values (Hogan and Blake 1996). Specifically, these leaders:

• Identify with and work in organizations that uphold the same goals and values as they do. With this kind of match, the leaders can easily motivate subordinates to perform according to their values (Borman and Motowidlo 1993; Guzzo and Shea 1992; Manz and Sims 1987).

• Control which goals are pursued in their organizations (Kouzes and Posner 2002).

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• Change the value system (both positive and negative) of their organization over time
 (Schneider 1987).
Research has also found the following:
• Leader values that are productive and in line with the organization’s direction result in
 successful outcomes (Lock and Thomas 1998).
• Team counterproductivity is linked to a discrepancy between the leader’s and the
 organization’s value systems (Hackman 1987).

**MEASURING LEADER PERFORMANCE: THE WHOLE-PERSON APPROACH**

Research in this field has generated random and incomplete measures of leader performance. As an antidote to this haphazard approach, I have created a model (Exhibit 18.1) that evaluates and predicts performance using the components of a leader’s persona and background.
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Exhibit 18.1 The Whole-person Evaluation Model**

***EXPERIENCES*** ***POSITIVE***
• Education ***CHARACTERISTICS***
• Training • Initiative
• **Skills** • Diligence
 • Integrity

***JUDGMENT***   ***NEGATIVE***
 ***CHARACTERISTICS***
• Problem solving • Mischief
• Decision making • Dependence
• Critical thinking • Respect • Hostility
 • Commitment
 • Ethics and integrity
 • Cooperation

  ***VALUES***

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

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 This whole-person model rests on the premise that a leader’s performance is affected by the conditions surrounding the individual, not just by selected aspects. The model’s five components (which tie to the concepts discussed in the book) are made up of the traits and conditions that research, conducted over the past decades, has indicated to be contributors to effective performance:
1. ***Experiences.*** *T*his component includes skills, education, training, background, history, and
 other personal and professional achievements and experiences that influence the leader’s
 work.
2. ***Judgment.*** This component describes the leader’s cognitive process, including approaches
 to problem solving, decision making, and critical analysis. Judgment is the cross point
 between intelligence and personal style in that it comes from a person’s intellect, values,
 and personality. This is why two smart people faced with the same problem will use
 different strategies and come up with different solutions.
3. ***Values****.* This component relates to a leader’s fundamental beliefs and motivations. The
 values presented in this book are supported by the literature (e.g., Bentz 1990; Conger and
 Kanungo 1990; Hallam and Campbell 1992; Hogan and Lock 1995; Hogan and Hogan 1994;
 Lombardo, Ruderman, and McCauley 1988; Lorr, Youniss, and Stefic 1991).
4. ***Positive Characteristics***. This component includes characteristics—such as initiative,
 diligence, and integrity—that facilitate the leader’s ability to get along and get ahead in the
 workplace. Such traits enable a person to abide by his values (Hogan 1992; Kets de Vries and
 Miller 1986).
5. ***Negative Characteristics.*** This component contains qualities—mischief, dependence, and
 hostility—that derail or inhibit a leader’s personal and professional pursuits. Typically,
 negative characteristics create a distance between a person and everything else, making her
 values difficult to share with and spread to others and causing low performance outcomes.

*224 Leadership in healthcare* Each of the five components should be examined to determine how well or how poorly a header will perform. Research by Carr & associates indicates that the more of these components measured, the greater the accuracy of the prediction. More important, using a whole-person evaluation approach allows for a better diagnosis (and solution) of potential problems in leader performance.

The field of leadership is presently in a state of ferment and confusion.
Most of the theories are beset with conceptual weaknesses and lack strong empirical support….The confused state….can be attributed in large part to the disparity of approaches, the narrow focus of most researchers, and the absence of broad theories to integrate findings from the different approaches.

**--Gary Yukl and David Van
 fleet (1992)**

VALUES AS THE KEYSTONE OF LEADER EFFECTIVENESS
Values, as illustrated in Exhibit 18.1, represent only 20 percent of a leader’s whole persona. So, you may ask, why write an entire book that extols the virtues of values? The answer is simple: Research show that a leader’s effectiveness starts with and is sustained by her value system. Consider these findings:
• Leader effectiveness entails convincing others to put aside their own self-interests to work
 on common goals that will lead to positive outcomes (Lock 1997).
• A leader’s personal value system is ingrained, was solidified early in life, and will continue to
 be a factor throughout his career (Dawis 1980).
• Leaders inherently look for organizations that share their values or that otherwise give them
 the best opportunity to live their values and stoke their motivations (Schneider 1987). For
 example, the value of helping others is supported and shared by a hospital that provides
 appropriate and high-quality care to anyone regardless of the person’s ability to pay.
• The leader actively promotes organizational behaviors and activities that enhance his own
 value system (Lock 1996).
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 Leaders have a tendency (often unconscious) to be attentive to areas that serve their own
 interest but give mostly lip service to other areas that do not present opportunities for
 fulfilling their values. Subordinates watch their immediate leader (not the CEO or the
 mission statement) to see what areas the leader focuses on. The subordinates then mimic
 the leader’s emphasis (Pollak and Weiner 1995). Given a leader’s heavy influence on her
 direct reports, the leader’s values must be in line with the organization’s mission, vision,
 and values. Otherwise, counterproductive performance may ensue (Lock 1997).
• Employees stay with or leave an organization (or the immediate leader) on the basis of how
 well their focus or interests align with those of their leader (Doyle 1992). This alignment
 strengthens group identity and is thus beneficial to the organization, assuming that the
 shared focus (a) serves the organizational vision and goals and (b) leads to greater
 performance.
• Employee goal orientation is the most important contributor to how the team organizes
 itself and performs its organizational role (Hogan, Curphy, and Hogan 1994).
• Team effectiveness is directly related to the degree to which the team’s and the
 organization’s values and goals are similar (Meglino, Ravlin, and Adkins 1989).
In addition, research by Carr & Associates show that values (which are distinct from personality and other traits) are the key-stone to leader effectiveness. That is, values stabilize and strengthen performance, which in turn becomes a model for others to emulate.
 **The Link Between Human Needs and Values**Values are evolutionary in mature and stem from people’s basic social needs—namely, to get along with others, to get ahead in our pursuits, and to create order in our lives (personal and professional).

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Everyone has the same social needs, although the significance we give to each need varies, depending on our values. For example, corporate criminals, such as Bernie Madoff and Jeffrey Skilling, have a high need to get ahead but a low need to get along. Conversely, pacifists, such as Mother Theresa, have a high need to get along and low need to get ahead.
 These social needs are automatic, ingrained, and largely unchanging. We create our own value system to enable us to meet our needs. For example, a leader will build trust (*a value*) to fulfill her *need* to create order in her organization. Exhibit 18.2 categorizes the values discussed in this book according to the three social needs.
 Note that people’s ability to make choices can cause the formation of *negative values.* Negative values are those that do not help us meet our basic social needs. For example, a leader who uses his position and power for personal gain idealizes self-interest and greed (negative values), which do not serve his needs for getting along, getting ahead, and creating order.
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 **To Get Along** **To Get Ahead** **To great Order**
**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**  • Respect • Commitment • Emotional
 intelligence
• Cooperation and • Ethics and integrity • Cohesiveness and
 sharing • Desire to make a collaboration
• Conflict change • Trust
• Servant leadership • Ethics and integrity
• Interpersonal
 connection **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

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The Link Between Values and Leadership
As suggested by the research cited earlier, a leader’s values often mirror (and, over time, could eclipse) organizational values. Organizational values then reflect what the leader wants, how she wants to treat and be treated by others, and what activities and interests she would like to pursue.
 Exhibit 18.3 provides a framework for understanding how the components of the whole-person model (e.g., lifelong learning, cross-training, workplace diversity) drive the initiatives pursued by the organization. When the organization changes its course (e.g., new boss, new vision) or no longer follows the values it shared with
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**Exhibit 18.3 Values at the Core**

Experiences

Negative
Characteristics

Positive
Characteristics

Values

Judgment

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

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 Leader, the leader separates from the organization and finds another with which to share
 his experience values.
2. Judgment. This component—the leader’s thought process—is values based. Although a
 leader’s problem-solving and decision-making styles are grounded in personality
 characteristics, her analytical abilities are driven by her values and needs. In evaluating
 alternatives and outcomes, she will weigh which option or result best suits the
 organizational values. Positive or negative personality traits also play a role in the leader’s
 decision making. The leader will use her judgment to assess the characteristics that get her
 closest to fulfilling her values.
3. Positive and Negative Characteristics. These two components live within everyone’s value
 system. A leader develops characteristics to influence others to work in ways that enhance
 his values. Positive traits can facilitate this attempt, while negative traits may hinder it.

 For example, a leader who values respect develops an ambitious and outgoing trait. He sets lofty goals for himself and others, and he socializes with those who are in positions of power. In the process, he comes across as arrogant and as a social climber. Judging by the negative reaction to him, this leader’s attempt to fulfill his value is one-sided.
 Research by Carr & Associates indicates that as least 50 percent of organizational leaders today display negative traits that cause stress, pressure, and poor performance among their employees. Although negative characteristics may deliver immediate results initially (e.g., bullies often get their way), they are not sustainable behaviors and are obstacles to achieving long-term values and needs.
 Because positive and negative traits determine how well or poorly values and needs are met, successful leaders limit the negative and develop the positive. Having personal values that are in line with the organization’s value system is great but is not enough;

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the leader’s traits must also be aligned with these values. The literature indicates that at least 80 percent of the development needs in the healthcare industry stem from a fundamental disconnect between professional values and personal characteristics. For example, many healthcare executives value servant leadership and work commitment and ethics. But the personal traits they develop—such as aggressiveness and blind determination—in pursuit of these values can alienate their followers and discourage them from giving honest feedback to these leaders. As such, the leaders are confounded; they do not understand why their direct reports are distant despite their efforts to be “servants” to their work, staff, and organization.

**Competencies and Behavior**Competencies and behaviors, although not specifically addressed by the whole-person model, are nonetheless associated with this approach.
 Behaviors tend to be more myopic than the model itself. They are a person’s individual actions that, when reviewed in total by others, define that person’s personal characteristics or traits; in other words, behaviors represent the *why* and the *how* of a leader’s performance. For instance, had wringing, hair flipping, and frowning are all behaviors associated with the characteristic or trait of anxiety. Competencies, on the other hand, are business-defined actions associated with several characteristics or traits represented across the model; in other words, competencies reflect *what* a person does on the job. For instance, when using the competency Strategic Orientation in the workplace, a leader will likely display characteristics associated with the Judgment component (e.g., intelligent, analytical), the Positive Characteristics component (e.g., open to new ideas, takes initiative), and perhaps the Negative Characteristics component (e.g., arrogant, easily distracted). The combination of these characteristics within a leader will lead to differential performance (as observed by others) on the competency.

*230 Leadership in healthcare*SIX TENETS OF EVALUATING LEADER EFFECTIVENESS USING THE WHOLE-PERSON APPROACH
Assessing a leader’s effectiveness is difficult in an environment over-run by thousands of performance measurement tools and theories. The following tenets—specific to the whole-person approach—are intended to help leaders accurately understand, diagnose, and improve their own and their team’s performance.
*• Tenet 1*. Performance measures should be well supported by research and should focus on
 the specific factors that drive effectiveness in your organization. The evaluation instruments
 (see the appendixes) presented in this book can provide a start.
*• Tenet 2.* One tool for each of the five components of the whole-person model should be
 identified. Typically, this identification entails examining various instruments and methods.
*• Tenet 3*. Performance data on all five components should be compiled into a single, easy-to-
 understand report. This custom-content approach ensures that the data work to your
 advantage, not the other way around.
*• Tenet 4.* Assessments are the beginning of an improvement process, not the result.
 Accuratedata and feedback force people to have direct, and even tough, conversations
 about their current inefficiencies. This discussion then leads to better out-comes.• Tenet 5.Assessment should always go beyond the financial outcomes; it should include all
 five components of the whole-person model, including personal and organizational values.
 How and why the leader performs are just as important as the results she accomplished.Chapter 18: Maximizing Values-Based Leader Effectiveness 231  *• Tenet 6.* Measuring the Values and Negative Characteristics components takes creativity
 and diligence, given that the Judgment and Positive Characteristics components make up
 about 95 percent of all available assessment tools.

A PRACTICAL EXAMPLE FOR IMPLEMENTING THE WHOLE-PERSON APPROACH
This section is a step-by-step guide to applying to the workplace the concepts in this chapter and the values discussed in the book. The intent here is to show the clear connection between theory and practice; as such, this example could be used for teaching, discussion, and exercise purposes.
 The work steps presented here are basic, but they will lead to a better understanding of leadership effectiveness. Organizations that want to maximize their leaders’ values-based effectiveness will dig more deeply than this basic example allows, using well-validated measures of the five components of the whole-person model and creating detailed evaluations of leader performance.
**Step 1**: Define the corporate values. Most organizations have already completed this activity. If not, a quick survey of leaders is in order (e.g., ask, What are the top five values of our organization?). Typically, a healthcare organization has at least three common values:
1. *Excellence*. We are committed to achieving the best service quality and using only best-
 practice solutions.
2. *People.* We respect coworkers, patients, and others in our community and are committed to
 open communication and teamwork.
3. *Service*. We strive to exceed the expectations and standards of those we serve by
 consistently providing the highest quality care.
*232 Leadership in healthcare***Step 2**: Pair each corporate value to leader values. In many instances, corporate and leader values align. Here is an example using the values espoused in this book:

**Corporate
 Value**

Excellence

People

Service

 **Leader Values**

To Create Order
(social need)

• Ethics and
 integrity

• Cohesiveness
 and collaboration
• Trust

• Emotional
 intelligence

To Get Ahead
(social need)

• Commitment

• Desire to make
 a change

 To Get Along
 (social need)

 • Cooperation and
 sharing

• Respect in
 stewardship
• Interpersonal
 connection

• Servant leadership

When matching corporate and leader values, the model will tend to show holes—that is, some leader values (categorized by social need) are not associated with corporate values; for example, in the table, the corporate value “People” is not associated with the leader value under “To Get Ahead.” These gaps should be seen as an opportunity for discussion on how to better align corporate and leader values and why such holes exist.
 If one of the identified leader values is not used with any of the corporate values, is the acceptable? Is it expected? Why is it not important for the organization? Does the organization need to change anything?

**Practical Exercise 1:** Using the grid (see page 235) as an example, fill out the People and Service corporate values based on your experiences.

**Practical Exercise 2**: Take you organization’s values statement and complete the exercise for your organization. Where are the holes in your model? Are all of the leadership values used? Are some values used in almost all corporate values and others in just a few? Is that acceptable? Have this discussion with someone in your organization (or your classmates), and evaluate what you have learned and how well you completed the grid.

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**Step 3:** Tie each leader value to the other four components (Experience, Judgment, Positive Characteristics, and Negative Characteristics) of the whole-person model. Use words that make sense to your organization, and provide specific characteristics instead of broad competencies. See the example grid.

**Step 4:** Tie each leader value to specific corporate effectiveness, competencies, and/or outcomes. Use words that make sense to your organization; it is more important to make the model easy to understand than to make it technically or scientifically accurate. For this step, ask the following questions for each component:

*• Experiences.* What organizational activities would a leader need to experience to test and
 validate the leader’s willingness to follow this value?

*• Judgment.* If a leader shares this value, what would her decision-making style be? How
 would the leader solve problems? Would the leader focus more on data, processes, or
 people when making decisions?

*• Positive Characteristics*. What characteristics does a leader need to perform these activities?
 How would I describe a leader with this value? Think of a leader who lives by this value, and
 describe that leader. Place your answers in a grid like the example provided.

*• Negative Characteristics.* What characteristics would “deep six” a leader with respect to this
 value? If a leader is under stress and pressure, what poor characteristics would we see?
 Think of a leader who does not share each of the three corporate values (see Step 1), and
 describe that leader. Place your answers in a grid like the example provided.

*• Effectiveness, Outcomes, and/or Competencies*. We use these three labels interchangeably
 so as not to limit creativity. If a leader successfully lives by this value, what would the
 financial impact be to this part of the organization? How would it affect the people in the
 organization? How would it affect the patients? If the leader did not follow this value,

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 How would it negatively affect the organization? If a leader lived this value, how would
 others describe the leader?

 Only one of the three corporate values (Excellence) is illustrated in the example grid below, which brings up a few points:
 1. The example is broad, completed with one-and two-word explanations, and not
 inclusive of all associated information. Your own grid should be as detailed as possible
 to enable you to effectively see and understand your organization’s and leaders’
 performance expectations and their impact on the organization.
 2. The Experience component is not included in the example. However, note that a
 multitude of experiences can indicate value acceptance, and experiences tend to be
 defined after the fact—that is, when the leader needs to learn how to espouse the
 value in his work group.

Example Grid

**Corporate Leader Positive Negative Effectiveness/
 Values Values Characteristics Characteristics Judgment Outcomes/
 Competencies**

 • Cooperation and • Outgoing • Distrustful • Considers date • Continuously implements
 sharing • Ambitious • Selfish as well as new processes as information
 experiences is received

 • Commitment • Conscientious • Mischievous • Evaluate plans • Ranks in the top 90 percent
 Ethics and • Sensitive • Inconsistent for accuracy on all key customer-excellence
 Integrity • Learning oriented • Follows data ratings
 • Persistent results • Has high team ratings
Excellence • Institutes zero-complaint
 goal

 • Respect in • ? • ? • ? • ?
 stewardship
 • Interpersonal
 connection
People • Cohesiveness and
 collaboration
 • Trust

Service • Servant Leadership • ? • ? • ? • ?
 • Desire to make a
 change
 • Emotional
 intelligence

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**Step 5:** Evaluate a leader’s effectiveness following the example grid. It is best to start at the Effectiveness/Outcomes/Competencies side, starting with the far-right column first and then filling in the middle of the grid. The reason for this order is that most people are better at first identifying what performance or outcome they desire before determining how it should be accomplished.
 Next, think about the leader being evaluated and highlight the effectiveness/ outcomes/competencies, judgment, positive and negative characteristics, and values that this leader displays, and then leave the rest unhighlighted. This will then serve as the basis of a performance discussion. How does the leader stack up? Compare the highlighted and the unhighlighted items. What characteristics are not highlighted? Are these reasons the leader is not living up to expectations? Think of situations wherein the leader’s deficiency (or presence of a negative characteristic) inhibited her from succeeding. What would you recommend to help the leader improve?

**Step 6:** Schedule a conversation with the leader. Explain the model, and discuss your findings with the leader. The leader should be actively involved in this conversation, offering comments, asking questions, and suggesting ideas for improvement.

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