Leadership in a Turnaround Situation and a Multicultural Environment

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Abstract
Leadership style in a turnaround situation, especially in a multicultural environment, is very important to the success of the organization. As the organization is transformed to a successful one, the leader may have to adapt his or her style. This case focuses on the leadership of a new CEO recruited to overcome a crisis situation in a small community bank. The CEO also faced the additional challenges of being from a different culture than most of his employees and of interacting with the founder and previous CEO who had quite a different leadership style. In the process of turning the bank around and implementing a new strategy, the new CEO also transformed his leadership style in order to reduce anxiety and gain the respect and confidence of the employees, the board of directors, and the community.

Table 1
SUMMARY OF LEADERSHIP STAGES

<table>
<thead>
<tr>
<th>LEADERSHIP STAGES</th>
<th>APPROACH</th>
<th>REINFORCEMENT</th>
<th>CULTURE</th>
<th>MOTIVATING NEED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. PATERNAL</td>
<td>Provide safety</td>
<td>Survival</td>
<td>Submissive</td>
<td>Security</td>
</tr>
<tr>
<td>2. TOUGH</td>
<td>Force</td>
<td>Self-reliance</td>
<td>Ego-centric</td>
<td>Independence</td>
</tr>
<tr>
<td>3. AUTHORITARIAN</td>
<td>Instruct</td>
<td>Conformity</td>
<td>Duty-compliant</td>
<td>Stability</td>
</tr>
<tr>
<td>4. ENTREPRENEURIAN</td>
<td>Delegated</td>
<td>Affluence</td>
<td>Success-striving</td>
<td>Achievement</td>
</tr>
<tr>
<td>5. FACILITATIVE</td>
<td>Facilitate</td>
<td>Peace</td>
<td>Harmony-seeking</td>
<td>Sustainability</td>
</tr>
<tr>
<td>6. SYNERGISTIC</td>
<td>Integrate</td>
<td>Flexibility</td>
<td>Synergy-seeking</td>
<td>Sustainability</td>
</tr>
</tbody>
</table>

Figures

Figure 1
SIX LEADERSHIP STYLES FROM THE VALUES JOURNEY CHART CONSEQUENCES

This model charts the changes in leadership style of a new leader in a multicultural environment. According to this model, the accumulated experience and knowledge of the new leader results in progress along the values journey, and movement along the chart results in a type of “creative tension” (Senge, 1990, p. 9). As shown in a simplified version of the Values Journey Chart in Figure 1, creative tensions result in six leadership styles or stages which may be plotted at specific points on the Values Journey Chart.

Conclusions

Discussion Questions
1. Evaluate the board’s decision to bring in a CEO from outside the company, outside the area, and from a different culture. When is it appropriate for boards to hire CEOs from outside and what should they look for considering that making a wrong choice can have far reaching consequences.
2. Using Figure 1 and Table 1 as a reference, describe the leadership styles of the founder and the new CEO.
3. If a board of directors hired you to turn a company with a culture different than yours around, what would be the first three things you would do to address the situation?
4. What valuable lessons can you learn from the new CEO and how he helped change the bank, manage the change process, and make the bank successful?
5. In a technical sense, style describes a person’s approach to relating to others. Some experts would say that the new CEO had a consistent leadership style but was changing his leadership approach with different situations. Was the new CEO actually changing his style or his approach and how would you respond to a leader who changes styles in different situations?

Key Leadership Lessons
1. It is very important for leaders to understand their leadership style and its consequences as the implications can be far reaching.
2. In a multicultural environment, and especially in a turnaround situation, leaders are key to improving communication and confidence in the organization. It is very important for leaders to take the time to study and learn to effectively work with cultures that may be different from their own.
3. A turnaround situation can result in high stress levels for everyone involved. The wrong leadership style can result in even more anxiety which may affect morale and performance. The leader must always be aware of the impact of his/her leadership style and be willing to adapt to new situations.

References