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From the Editor

February 2018

Welcome to the 29th issue of the *International Leadership Journal,* an online, peer-reviewed journal. This issue contains five articles.

In the first article, Klenke describes and explicates a conceptual model that links the contextual characteristics of the baby boomer, Generation X, and Generation Y generations to knowledge transfer (KT) effectiveness moderated by leadership succession in intergenerational family firms. She conceptualizes leadership succession as a process of KT involving the founder, successor(s), and the family firm—all different knowledge repositories developed and maintained by different generations at different times. She also discusses quantitative and qualitative measures that can be employed to test the proposed model.

Through a thorough review of the literature on organizational decline, Ghazzawi investigates theoretical perspectives that seek to explain causes of organizational decline, or why once-successful organizations unexpectedly fail at the height of their success. He also provides an extensive road map for future research efforts of scholars and practicing managers.

Waite, Mensinger, Wojciechowicz, and Wilson examine pre-post self-reported ratings of emotional and social competencies (ESC) among an interdisciplinary group of undergraduate pre-licensure students in the health professions and public health and their relevance to leadership development. They evaluated the ESC of students in a university leadership program and found that the pre-post changes were statistically significant and positive in 13 of 14 ESC measures, which supports the value of integrating direct ESC teaching objectives in undergraduate education to advance leadership skills in these fields.

Socas describes the new emphasis that has been placed on the role of empathy in leadership, and how empathy makes an impact on business school training and the workplace. He explores research on the soft skills and competencies held in esteem by academic, organizational, and other professionals, and provides suggestions for future research.

Finally, Grubb and Schwager document the development of a comprehensive leadership and professional development program for all students in a large undergraduate business program at an American university. They describe the process and challenges faced, identify future directions for continuous improvement, and provide five practices observed in the process.

Please let us know your thoughts and feel free to submit articles for review. Enjoy!

Joseph C. Santora, EdD
Editor

ARTICLES

Knowledge Transfer through Leadership Succession in Intergenerational Family Firms*

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This article describes and explicates a conceptual model that links generational and contextual characteristics of the baby boomer, Generation X, and Generation Y cohorts to knowledge transfer (KT) effectiveness moderated by leadership succession in intergenerational family firms. The model is comprised of the (a) intergenerational and contextual characteristics of the cohorts; (b) leadership succession as the nexus that links intergenerational cohorts and KT, and (c) KT effectiveness. After a brief review of the contextual and generational characteristics of the primary three generations populating the current workplace and a discussion of the nature and dynamics of small family firms, I conceptualize leadership succession as a process of KT involving the founder, successor(s), and the family firm that represent different knowledge repositories developed and maintained by different generations at different times. Research has shown that only 38% of organizations are effective at capturing knowledge of key employees without documenting relationships, procedures, and processes (Raytheon Professional Services, 2015). The article closes with a discussion of available KT quantitative and qualitative measures that can be employed to test the proposed model and a discussion of the role of leadership in KT effectiveness.

Key words: generational characteristics, intergenerational family firms, knowledge transfer, succession

In many of today's organizations, five generations (5G), spanning nearly 80 years, are represented in workplaces. Each generational cohort has been molded by common experiences of world events and circumstances—economic changes, wars, political ideologies, technological innovations, social upheavals—and tends to display unique behaviors and values that can impact the way they perceive their employers and work environments. The three dominant generations of today's workforce are the baby boomers, the postwar generation born between 1946 and 1964; Generation X, who were born between 1965 and 1980; and the newest kids on the block—the millennials or Generation Y—who were born between 1982 and 2000. The remaining two generations are the

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†Author's Note: In loving memoriam of my late husband, Dr. Willem A. Hamel

Matures, also called the Silent Generation or Traditionals, who were born between 1922 and 1945, and Generation Z, who were born after 2000 and are just entering the workforce. These latter generational cohorts are too small to draw inferences from their impact on knowledge transfer (KT) and ownership transition in intergenerational family businesses.

This article focuses on the development of a conceptual model that links generational and contextual cohort characteristics of the baby boomer, Generation X, and Generation Y cohorts to KT effectiveness, moderated by leadership succession, in intergenerational family firms. The model is comprised of the following components: (a) intergenerational and contextual characteristics of the baby boomer, Gen X, and Gen Y (millennials) generations; (b) leadership succession as the nexus that links those intergenerational characteristics and KT; and (c) KT effectiveness.

The model is graphically summarized in Figure 1. The arrows in the model are intended to formulate hypotheses to test the model quantitatively.

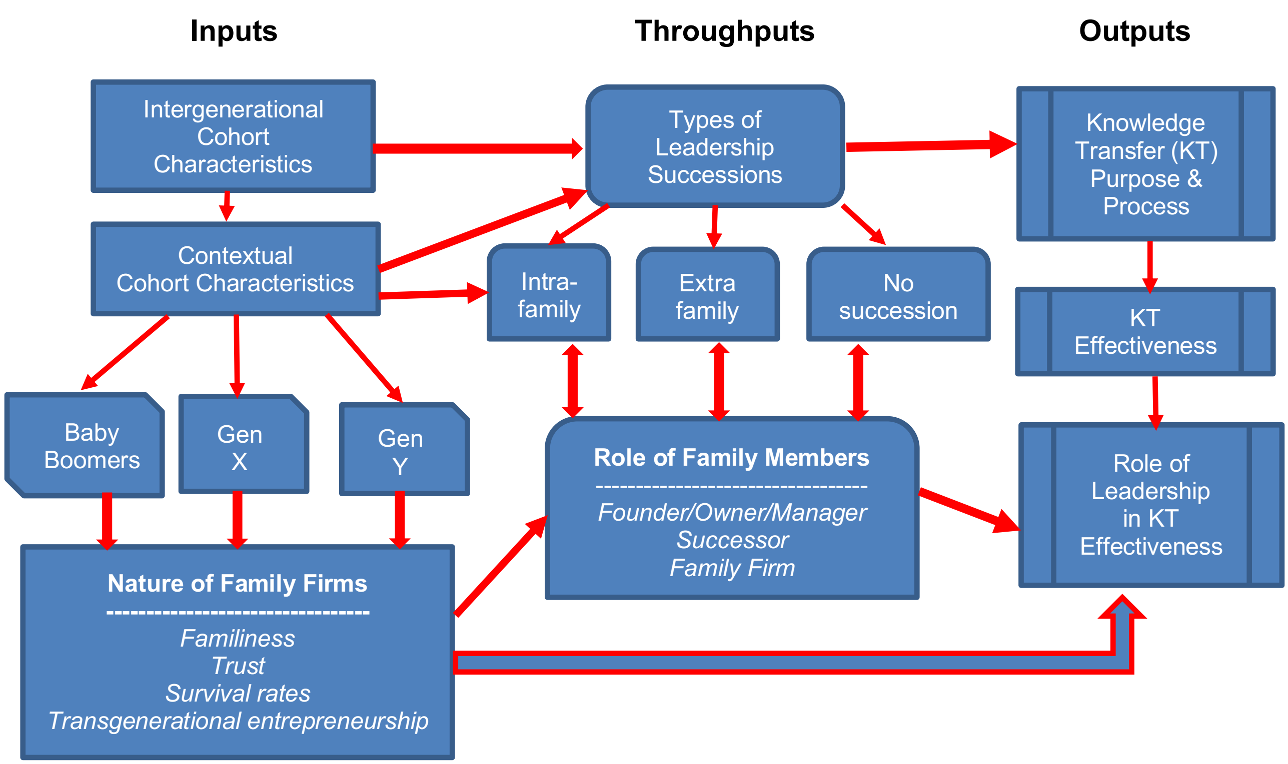

Figure 1. Conceptual model of knowledge transfer through leadership succession in family firms

Intergenerational Cohorts in the Workforce

The first model components are treated as inputs and include the characteristics of three intergenerational cohorts and the nature of family firms.

Baby Boomers

Contextual Features. *Baby boomers* are the generation born between 1946 and 1965. It is the generation that grew up in an era of increasing social and economic equality. For more than 30 years, the sheer size of the baby boomer generation defined the organization's social landscape in a majority-rules cultural takeover (Meister & Willyerd, 2009). Baby boomers witnessed and participated in some of the greatest social changes during the 1960s and 1970s, such as the civil rights and women's movements. The face of the workplace began evolving from a racially homogeneous, paternalistic environment to one of increased racial and gender diversity as the workplace slowly began to reflect the rapid political and social changes of the nation. Though the baby boomer generation saw increasing equality, they also came of age in a period when the country was divided by differing views on politics, war, and social justice.

Generational Cohort Characteristics. More than 75 million baby boomers refined how Americans approached their working lives. With increased financial, educational, and social opportunities, the baby boomer generation is often portrayed as a generation of optimism, exploration, and achievement. Compared with previous generations, more young adults pursued higher education or relocated away from family to pursue career and educational interests. During the late 1940s and early 1950s, postwar optimism inspired a sense of opportunity, stability, and prosperity—values commonly held by the middle class.

Although the oldest boomers have retired, cohort members are working longer and retiring at a later age (Lombardo, 2012). According to Mithers (2009), retirement portfolios dwindle, and more and more workers stay in the workforce longer, often with four generations laboring side by side. Filled with a self-confidence born of unprecedented prosperity, many baby boomers thought rising markets would assure their future. They also assumed that if the economy faltered, it would rebound more strongly than ever, as it had so many times before. So, boomers spent—and borrowed—as if there were no tomorrow (Welch, 2009).

As baby boomers migrate toward retirement and continue to leave the workforce, they are taking with them decades of intellectual capital in strategies, products, services, relationships, and how-to (Ippoliti, 2016)—invaluable organizational memory. When these historians leave a family firm, it may be difficult for the successor to procure a product or service that remains important to the financial health of the firm. Within families, knowledge transfer should be easier than in other organizations because family businesses have a common language that allows them to communicate more effectively and exchange information in greater privacy (Hoffman, Hoelscher, & Sorenson, 2006). Among the core values of this generation are individual choice, willingness to work long hours, prosperity, ownership, self-awareness, health and wellness.

Generation X

Contextual Characteristics. Born between 1965 and 1980, Gen Xers grew up in an era of emerging technology and political and institutional incompetence. Gen X comprises roughly 87 million adults in their 30s and 40s and is the smallest cohort of the three discussed here (Koeller, 2012). The youngest member of Generation X would be around 37 and the oldest around 52. Watergate, Three Mile Island, the Iranian hostage crisis, and the Clinton–Lewinsky scandals marked the emergence of this generation.

Generational Cohort Characteristics. Members of Generation X have demonstrated independence in relation to work, with poor people skills and an ability to adapt well on the job (Salahuddin, 2010). Research has documented that Generation X is comfortable with technology as well as change, as they have experienced both throughout their lives. They have demonstrated a cynicism that, in part, stems from the frequency of change they have experienced (Knouse, 2011). Gen Xers have spent less time with their parents than previous generations. First recognized as latchkey kids, this generation found themselves home alone and taking care of themselves and their siblings, while their parents worked. Divorce was common. They were not coddled for every emotional want and need. Instead, autonomy and self-reliance, rather than respect for authority, were a natural byproduct of the Gen X childhood.

When Gen X entered the job market, economic stressors limited job availability, affecting their ability to obtain meaningful work. Many of this generation were forced to return home at an age when independence would typically be the norm. Factors such as financial dependence on parents and generational expectations for women to work and contribute significantly to household income narrowed choices for this generation when choosing to marry or begin a family. Gen Xers brought a healthy dose of skepticism to the workplace and went to college before email and the Internet. The dot-com bust in the early 1990s reinforced their cynicism, but also strengthened their sense of responsibility.

Among their core values are contribution, feedback and recognition, and autonomy. Gen Xers are individualistic and distrustful of authority.

Generation Y

Contextual Characteristics. The millennial generation, with nearly 100 million members, was born between 1982 and 2002 (Howe & Strauss, 2000). Generation Y, also referred to as Generation Next, are now coming into the workforce in droves and will shape and transform our business and political landscape. Gen Y workers have grown up in an era of technology. They have always known cable television, cellular phones, computers, and video games.

Generational Cohort Characteristics. Millennials share some characteristics of Generation X, although research has documented that millennials tend to demonstrate a more positive outlook on life (Salahuddin, 2010). This positive outlook has helped to produce an expectation of great achievements by millennials. Millennials have demonstrated a desire for cooperation, teamwork, and an interactive learning and leadership style (Knouse, 2011; Salahuddin, 2010). They have an intuitive facility for connection; a second-nature command of digital, mobile, and social technologies; and a healthy aversion to cumbersome structures (Salzman, 2017).

Millennials' demonstrated capacity for teamwork and community (Howe & Strauss, 2000) often expresses itself as a desire to contribute to society (Ng, Schweitzer, & Lyons, 2010). Research has indicated that millennials are attracted to the concept of community and working together to achieve civic goals (Debevec, Schewe, Madden, & Diamond, 2013). Their preference for active, experiential learning and community mindedness suggests that in a higher educational context, millennials are more likely to learn through activity and participation (Brown et al., 2011). Millennials are more likely to accept a job that fits their lifestyle over one that pays more. Work-life balance is of utmost importance to them. Research has also suggested that millennials demonstrate deference toward authority and institutions. Furthermore, studies have concluded that millennials demonstrate a greater narcissistic tendency than other generations (Alexander & Sysko, 2013). According to Meister and Willyerd (2009), millennials are a new generation of employees, with very different workplace behaviors, who are familiar with collaboration tools and expect their employers to provide them and opportunities to use them.

Millennials have a high sense of entitlement, but they are also philanthropic. They set a high premium on career success but are incorrigible job-hoppers and rarely exhibit loyalty to any place of employment; their commitment is to self-determination and to garnering as many skills as possible before moving on in pursuit of their dream job. These young workers seek their parents' approval and advice and look to managers and supervisors to provide the same nurturing protection, advice, and approval as their parents (Aslop, 2008). According to the Pew Research Center (2010), many of them live with their parents because of their lack of resources. Many have graduated from college with significant loans and accepted lesser positions just to get the job. This created pent-up frustration and disengagement. Now that the job market has improved, they are migrating to other organizations, propelled by years of slow job growth.

Millennials have been described as financially stressed, socially liberal, and politically pivotal. While they have yet to attain high-level leadership appointments in state and federal government, they occupy mayorships of several U.S. cities, and they account for 5% of seats in state legislatures nationwide. Cities with millennial mayors include Ithaca, New York; Stockton, California; New Britain, Connecticut; and South Bend, Indiana. Yet they are led by one of the most geriatric federal governments in history. Alter (2017) reminds us that Donald Trump, at 71, was the oldest U.S. president ever elected to a first term and that nearly half of the senators seeking reelection in 2018 will be over 65 on Election Day. Politically, according to a recent survey (Vladimirov, 2017), millennials seem to prefer to live in a socialist or communist nation, maybe because they reported feeling burdened by the economy.

Core values of millennials include a preternatural ease with technology, an appetite for collaboration, high energy levels, and impatience with reflexive leadership. Self-expression is more important than self-control; violence is an acceptable means of communication, respect must be earned and is not freely granted based on age, authority, or title. In 2015, millennials surpassed Generation X as the largest generation in the workplace and will continue to grow significantly as a proportion of the workforce over the next 20 years. Table 1 presents a comparison of the three generations.

Table 1: Generational Comparisons Between Baby Boomer, Generation X, and Generation Y

	Baby Boomers (1945–1964)	**Generation X** (1965–1980)	**Generation Y** (1982–2000)
Outlook	Optimistic, pragmatic	Skeptical	Confident, multi-taskers
Work Ethic	Driven	Balanced	Meaningful work
View of Authority	Love/hate	Distrustful	Disrespectful
Leadership by	Collaboration	Competence	Team-oriented
Relationships	Personal gratification	Reluctance to commit	Loyal, inclusive
Perspective	Individualistic	Self-reliant	Team and civic-minded
Values	Prosperity, ownership	Productivity, flexibility	Performance feedback, work-life balance

Adapted from “Multi-Generational Workplaces: A Recipe for Success” [Web log post], by K. Lombardo, 2012, Summit Group Partners.

Several researchers (e.g., Taylor & Pew Research Center, 2016) have concluded that generational stereotypes in the workplace, as reflected in the table above, are overstated, and that some of the differences between generational cohorts could be attributed to life stage rather than generation.

The two generations reported to have the most difficulty working with each other are the baby boomers and the millennials. Instead of using core values to identify the differences between them, Gilbert (2011) applied the concept of engagement drivers to differentiate the two cohorts. *Engagement* is a measure where inputs vary in the overall engagement equation across organizations. Gilbert argued that drivers, or an increase in the perception of the driver, generates an increase in engagement while engagement threats, or a decrease in the perception of the driver, generates a decrease in engagement. These are part of a company's overall engagement equation and the resulting engagement policies that a firm implements. In his large-scale survey, Gilbert isolated a subset of drivers, including career opportunities, corporate social responsibility, employee health and well-being, managing performance and feedback, senior leadership, and work-life balance, which varied from company to company. However, employer reputation was the universally endorsed engagement threat. Generational differences emerged between the two cohorts: baby boomers were much more likely to indicate that working long hours and getting a sense of accomplishment from their work rated high as engagement drivers whereas millennials supported access to the latest technology and communication systems, work-life balance, and civic engagement as high priorities. Unlike baby boomers, for whom the annual performance review was acceptable, millennials required more frequent performance evaluations. By looking at these differences in engagement drivers (and threats), leaders can understand those drivers on which the two cohorts are aligned and those on which they differ.

As baby boomers retire, organizations need to develop strategies for motivating, engaging and retaining millennials now and in the future since the latter generation is driven by a different set of values. Millennials are much more at ease with technology, are masters of digital communication and driven by teamwork, and place a high priority on civic engagement.

The Nature of Intergenerational Family Firms

The nature of family firms is the second element of the first model component. Family firms are vital to the domestic and international economy, since family-owned and controlled businesses are a pervasive form of small companies in the United States and throughout the world (Morck & Yeung, 2004). Studies in different countries have shown that family firms play a key role in economic growth and employment generation. It has been estimated that these kinds of companies account for 85% of all firms worldwide and 65% of the GDP and employment in Europe (Anderson & Reeb, 2003). Based on research of the Forbes 400's richest Americans, 44% of the Forbes members' wealth was derived from being a member of or an association with a family business (Reiman, 2017). Among the international family businesses are Walmart (United States), Samsung (Korea), and the Tata Group (India), as well as more than one-third of Fortune 500 family-owned companies.

One of the characteristics that differentiates family firms from other types of organizations is the importance given to noneconomic aspects of the business, such as the future of the business, preservation of family harmony, and the legacy of the family—both within the family and the business (Boyd, Botero, & Fediuk, 2014). A firm is said to be *family owned* if a person is the controlling shareholder; that is, a person (rather than a state, corporation, management trust, or mutual fund) can garner enough shares to assure at least 20% of the voting rights and the highest percentage of voting rights in comparison to other shareholders (Chakrabarty, 2009). The single most important attribute that is distinctive to a family firm because of family involvement is the *familiness* of the company, defined as that unique bundle of resources and capabilities an organization possesses because of the family system's interaction among the family, its individual members, and the business (Cabrera-Suárez, De Saá-Pérez, & García-Almeida, 2001). In family firms, competitive advantage is often attributed to the presence of familiness resources, which gives them their uniqueness (Habbershon, Williams, & MacMillan, 2003).

Another significant characteristic is trust, which is one of the most basic elements of success and competitive advantage in a family business. By modeling trust, the family provides the foundation of moral behavior on which guidelines for cooperation and coordination, as well as the principles of reciprocity and exchange, are developed (Bubolz, 2001). Trust in intergenerational family firms is typically facilitated by the personal relations and interactions of different family members and is stronger than among members of non-family firms. Trust develops through frequent and meaningful interactions, through which team members become comfortable and open in sharing their individual experiences and contributions, ideas and assumptions can be challenged without fear of repercussions, and the diversity of opinion is valued (Holton, 2001; Holton, 2016). Barroso Martínez, Sanguino Galván, and Bañegil Palacios (2013) also note that trust between family members is important since the relationships reinforced by both business and family are characterized by greater trust than the level of trust that exists among non-family firms. As family relations continue, increasing interdependence and interactions produce greater levels of trust based on shared norms and values and principles of reciprocity and exchange among family members (Arregle, Hitt, Sirmon, & Very, 2007).

The survival rate of family businesses, often used to equate business exit with failure (Spector, 2011), was first reported by Ward (1987) in a seminal study that indicated that 30% of firms survive to the second generation, 13% to the third generation, and only 3% beyond that. These troubling statistics have been widely quoted and seems to suggest that there is something fundamentally wrong with family firms, since they invariably fall into the three-generation survival trap. Spector's (2011) numbers have been interpreted as indicative of a failure rate of 70% for family-owned businesses. However, a critical look at these survival statistics does not take into consideration many other factors. The study was based on one industry only, Illinois manufacturing firms. In 1987, when the Ward study was conducted, companies had survived the Great Depression. In addition, Spector only looked at firms that were still independent and continued the use of their name. Firms that were sold, merged, or spun off into new, more successful enterprises were excluded (Holton, 2016), including those that were passed on to the next generation, that then launched new ventures with different names. Today, Ward's statistics seem low, out of context, and not generalizable (Zellweger, Nason, and Nordqvist, 2011. We also have evidence of companies continuously owned by the same family for 155 years or more. Among them are DuPont, Jim Beam, JP Morgan Chase, Colgate, and Citigroup (Martin, 2017).

One of the reasons for the failure of family firms, especially in the second generation, is due to the lack of ability or willingness of creating, sharing, and transferring knowledge from one generation to another by the family members involved in the succession process (Chirico, 2008). Other reasons for the demise of family firms include *business divorce,* a colloquial term used to describe the separation between owners of a business; family feuds and conflict; emotionality among family members; and the inability of family members to handle complex business issues (Kang, 2014). Other researchers (e.g., Golob, 2012) call attention to other important causes of failure such as poor succession planning, not using familiness to advantage, governing challenges, and different visions between generations.

The makeup of intergenerational family businesses is a microcosm of the 5G workplace. In intergenerational, or transgenerational, family firms, the company is managed by two or more members of different generational cohorts. Intergenerational family firms are situated theoretically in the concept of transgenerational entrepreneurship (Habbershon & Pistrui, 2002). Habbershon, Nordqvist, and Zellweger (2002) define *transgenerational entrepreneurship* as "the processes through which a family uses and develops entrepreneurial mindsets and family influenced resources and capabilities to create new streams of entrepreneurial, financial and social value across generations" (1). For example, the father may be the senior manager, the son the heir apparent, and the grandfather may function as a senior advisor or family board member. According to Zellweger et al. (2011), "the transgenerational entrepreneurship framework adopts a longitudinal perspective by looking at how value is created not only for the current stakeholders but also for the future and future family generations" (3). Transgenerational entrepreneurship refers to a family's mindset and capabilities to continue their entrepreneurial legacy of social and economic wealth creation across many generations. In many family firms, ownership and management are maintained across several generations, and a key challenge for long-term survival is to sustain the entrepreneurial spirit of the founding generation of entrepreneurs.

Successful family firms create positive narratives that form and maintain a collective identity that can be transferred over generations to ensure the family's legacy (Csizmadia, Makó, & Heidrich, 2016). The family firm's unique attributes, such as commitment, shared values, culture, trust, and reputation can give it certain strategic resources and capabilities that could account for its long-term success (Cabrera-Suárez et al., 2001). Trevinyo-Rodríguez and Tàpies (2010) note that the family acts as a reference system for a well-defined structure of values, ideas, behaviors, norms, and general knowledge that is unconsciously transmitted to members of the next generation by tradition.

Leadership Succession in Intergenerational Family Firms

Leadership succession is the second major component of the proposed model. It is a significant event in a family's business life and an issue that requires systems analysis from the perspective of the family, leadership or management, and ownership systems to adequately understand the viewpoints of the different stakeholders. Planning for leadership succession is not just a matter of transferring physical assets but, as Wong and Radcliff (2000) suggest, is mainly a problem of maintaining and developing the level of strategic and operational knowledge embedded in the leader, the employees, and the company. It is a challenge for many reasons, including the need to address the issue of intergenerational transition (Royer, Simons, Boyd, & Rafferty, 2008) and the decision for or against a family member as a successor. Leadership succession in family firms involves the owner/founder/manager, the successor(s), and the family business itself as major knowledge repositories.

Boyd et al. (2014) distinguish between three types of successions: intra-family, out of family (nonfamily), or no or non-succession. According to several authors (e.g., Long & Chrisman, 2014), intra-family succession is the most common type of transferring leadership and ownership in small business firms. It refers to the transfer of leadership to a family member who takes control of the family business when the incumbent decides to step down. Family dynamics, including factors such as family harmony, level of collaboration of family members, and the quality of communications, impact the succession process.

Incumbents, as suggested by Boyd et al. (2014), are likely to select intra-family succession under the following conditions: (a) a high concern for family; (b) a family successor is willing and able to take the business over; (c) the family is committed to the business; (d) the business has viability in the future; (e) the industry has a positive outlook in the future; (f) the incumbent has a long-term orientation focus; (g) tax and state laws provide benefits for keeping the business in the family; and (h) the family supports and is committed to the business. In nonfamily transitions, the family might transfer the leadership of the firm but may not change the ownership to nonfamily members, while non-successions represent situations in which the owner of the business decides to keep control of the firm at all costs, terminate the business, or sell the business.

Owner/Manager. According to Sharma (2004), one of the major concerns in the business succession process is the transfer of tacit knowledge embedded in the owner/manager's mind to the successor, which is a major factor for a successful succession. This individual typically represents the main source of strategic knowledge repository and storage. The centrality of the owner/manager has been confirmed by numerous studies (e.g., Garcia-Álvarez, López-Sintas, & Saldaña-Gonzalvo, 2002). Tacit knowledge embedded in the owner/manager's experiences and skills can only be transferred through observation. It is relatively difficult and costly to access because it cannot be separated from the people who possess it. Owner/managers tend to create a micro-world to maintain their autonomy, power, and control over the organization (Perren & Grant, 2000). On the other hand, knowledge transfer may be impeded when the owner's knowledge base is out of date or doesn't fit with the successor's business plans.

Successor. The second major knowledge repository is represented by the successor, who is assumed to possess the necessary requisites to step into his or her role, including formal education and training, motivation, commitment to the firm, trust in the predecessor, experience with the industry, and good relationships with stakeholders. The successor is also expected to extend the family legacy. The successor's professional and leadership skills are particularly important; these types of knowledge are, in most cases, tacit and accumulated collectively (Csizmadia et al., 2016).

From the perspective of the successor, KT involves four stages, each characterized by a specific task (Varamäki, Pihkala, & Routamaa, (2003). The first stage entails learning the "what" of the business, which primarily concerns the learning of prevailing organizational memory. In the second stage, the successor meets "the why" of the business. This stage creates the development of the organizational image as the successor is asking "why" types of questions. Additional, this stage can include opening up to new influences through, for example, new stakeholders and networks. The third stage focuses on the "who" of the business, which is a long period of getting to know people involved in the family firm, both inside and outside the company, to establish new routines and expectations. Finally, in the "how" of the business, the successor transfers knowledge and capabilities and creates a new image and identity for the family firm. This process may take about 20 years, and mentoring by the predecessor is needed in all phases of KT. Table 2, adapted from Varamäki et al. (2003), summarizes the four stages of KT from the perspective of the successor. Varamäki et al. note that while the successor experiences the learning of all four stages simultaneously, they are realized at different times in the process.

Table 2: The Four Phases of Knowledge Transfer from the Successor's Perspective

	Content	Task	Method
Phase 1	Know-what Know-how	Routine learning	Learning by doing
Phase 2	Know-why	Getting used to	Socialization
Phase 3	Know-who	Building networks	Getting to know people
Phase 4	Know-how	Transferring knowledge of capabilities	Learning by doing

Adapted from "The Stages of Transferring Knowledge in Small Family Business Successions," by E. Varamäki, T. Pihkala, and V. Routamaa, 2003, in P. Poutziouris & L. P. Steier (Eds.), *New Frontiers in Family Business Research: The Leadership Challenge* (pp. 337–351). Research Forum Proceedings of 14th FBN–ifera Research Forum, Lausanne, Switzerland.

As noted earlier, trust is not only important from the predecessor's point of view, but is also a significant challenge for the successor. Becerra, Lunnan, & Huemer (2008) suggest that KT, as an endeavor with high levels of behavioral uncertainty, calls for high levels of trust. Trust reduces behavioral uncertainty (Möllering, 2001) and positively impacts KT (Geneste & Galvin, 2013). Möllering (2001) emphasizes suspension as a critical element of trust or bracketing the knowledge and making it more certain and interpretive. Trust may also effectively coordinate predecessor and successor interactions and encourage them toward fair conduct (Fink & Kessler, 2010).

The Family Firm. Technologies and routines represent an important knowledge source. Typical family-owned firms, according to Wong and Aspinwall (2004), lack management teams, culture, information systems, and managerial tools such as management accounting systems, which becomes a significant weakness when they approach leadership succession. This means the stock embedded in the company and the ability to create, develop, share, integrate, and use its knowledge are likely to be low. The smaller a family business, the less likely it is that knowledge gets transferred. In addition, the investment in employee training is reduced or absent, and employees consequently lack the skills to create and manage knowledge. Thus, small family firms will endure a greater risk of knowledge loss than larger companies. However, managing interorganizational KT on a firm level has several advantages to handling KT individually in family firms, including common technologies and shared platforms and resources, that can ensure consistent communication transparency and result in a consistent product (Hutzschenreuter & Horstkotte, 2010).

In summary, in a family firm, the incumbent, the successor, and the rest of the organization are involved in the process of leadership succession and knowledge transmission. Intergenerational transfer represents an opportunity for these companies to ensure continuity and improvement of competitive advantage across generation.

Knowledge Transfer in Intergenerational Family Firms

Bracci and Vagnoni (2011) propose that leadership succession in small family firms can be conceptualized and managed as a process of KT. From a knowledge management perspective, KT is facilitated and hindered by three entities: the owner/manager incumbent, the successor, and the family business, which represent multiple knowledge repositories in the firm. It involves the creation of a synergistic relation among the incumbent, the successor, and the rest of the small family firm. Cabrera-Suárez et al. (2001) propose a theoretical model based on a human resource-based and knowledge-based perspective and suggest that the transference of tacit embedded knowledge is one of the important factors of competitive advantage. Likewise, Chirico and Salvato (2008) emphasize the fundamental role of knowledge integration and argue that family firms that can integrate individual family members' specialized knowledge will be successful.

***Definitions of Knowledge Transfer*.** Many organizations are facing several challenges, including transferring valuable knowledge to a younger generation in an efficient manner. *Knowledge transfer (KT)* has been defined by Kumar and Ganish (2009) "as a process of exchange of explicit tacit knowledge between two agents, during which one agent purposefully receives and uses knowledge provided by another" (163). It requires a dyadic exchange in which the recipient learns and applies the knowledge transmitted from a source (Ko, Kirsch, & King, 2005) and is transferred via mechanisms such as technology, personnel movement of experts, assembly layouts, routines, and meetings (Contu & Wilmott, 2003).

In the family firm context, KT is the communication process from one generation to another or among the same generation (Barroso Martínez et al., 2013). According to Le Breton-Miller, Miller, and Steier (2004), "knowledge transfer often begins at the dining table, builds up during summer jobs at the company and continues through a career at the family firm" (65). The ability to transfer knowledge from one family member to another has been found to contribute to a family firm's organizational performance.

To grow and survive the current environment characterized by market globalization, technological developments, and advances in information and communications technologies, it is necessary that the founder's entrepreneurial orientation and behaviors are transmitted to subsequent generations (Kellermans, Eddleston, Barnett, & Pearson, 2008). However, it is also necessary to develop more knowledge about the conditions under which family firms can maintain and increase the intergenerational entrepreneurial behavior to survive (Casillas, Moreno, & Barbero, 2010). As a result, KT provides opportunities for mutual learning and cooperation across the generations, which stimulates the creation of knowledge.

Purpose of Knowledge Transfer. The purpose of knowledge transfer is to link competitive advantage in family businesses to the success of transferring strategically valuable knowledge in different business environments to the next generation (Boyd, Royer, Pei, & Zhang, 2015). This process includes explicit as well as implicit, or tacit, knowledge. Nonaka and Takeuchi (1995) point out the differences between implicit and explicit knowledge. Explicit knowledge is easily identified in the rules, formulas, standards, models, and explicit routines in the company. It can be codified and documented, whereas tacit knowledge is embedded in the background and experience of an individual or group and is highly idiosyncratic. Explicit knowledge is a stock of information that often can be learned without much effort. The hidden, often process-related tacit knowledge causes problems, as it most often forms the backbone of organizational routines and the ability to create products. Nonaka (1994) defines the process of making tacit knowledge explicit as *externalization* or the process of articulating tacit knowledge into explicit concepts.

Explicit knowledge has been the focus of most KT efforts because it can be transmitted electronically and at a marginal cost (Roberts, 2000), but the competitiveness of a company lies in the tacit knowledge of the firm. However, due to the hidden nature of tacit knowledge, it is difficult to change and make it a driver of organizational renewal. In the transfer process, organizations need a common lexicon, which is not always sufficient as KT also requires significant contributions of practical and political efforts.

Process of Knowledge Transfer. The way KT is accomplished is, in part, through leadership succession. There are many similarities in the succession problems of CEOs, whether their business is large or small. However, the chief executive of a family business has additional problems. For example, the problem of finding a successor is not limited to the person who has the most appropriate track record, but has added complications because of family membership and expectations. The quality of the relationship between predecessor and successor is influenced by numerous factors, including the type of family linkage, generation/age differential, gender, maturation or longevity of the firm, industry, and other contextual parameters, as well as general domestic and international economic conditions. In addition, sometimes the owner/manager of a family firm chooses to appoint a nonfamily member as his or her successor, which may provide potential for conflict.

Szulanski (1995) offers a KT process model that identifies four stages, moving from the initiation to the execution phase. The model depicts the stages of transfer and the factors that are expected to correlate with the difficulty experienced at the different stages. It shows that factors that affect the opportunity to transfer are more likely to predict difficulty during the initiation phase, whereas factors that affect the excution of transfer are likely to predict difficulty during the implementation phase. In other words, at the beginning of launching a KT, leaders are more likely to experience difficulties compared to the latter stages.

The model also includes the concept of *stickiness* to refer to the difficulties encountered during the KT process (Szulanski, 1996). The process of KT between generations, the tacit knowledge, networking and social capital, passion for the business, and entrepreneurship is critical, and how these different elements mean competitive advantage for the family firm continues to be an inportant topic of investigation (e.g., González-Loureiro & Figueroa Dorrego, 2012). Although the benefits of successful KT have been documented in many settings, the process varies considerably among family firms, and there is no one-size-fits-all approach.

Knowledge Transfer Effectiveness in Intergenerational Family Firms

The final model component addresses different elements of KT effectiveness, typical problems encountered in KT, several quantitative and qualitative measures of KT, and factors affecting the effectiveness of KT.

Problems in Knowledge Transfer. Organizations that transfer knowledge successfully are more productive and more likely to survive than those less adept at the process, as noted earlier (Leonardi, 2017). Although organizations can realize remarkable increases in performance through KT, successful KT is often difficult to achieve (Argote, Ingram, Levine, & Moreland, 2000). How knowledge is transferred within the same firm across generations is an issue that may explain, to some extent, why most family businesses do not survive beyond the third generation, with a much higher mortality rate compared to the second-generation transition (Trevinyo Rodríguez & Tàpies, 2010). Knowledge sharing and transfer remain a problem for many large organizations, family firms included. Sometimes the problem occurs because knowledge itself is sticky and requires deep conceptual understanding of how to decode and apply it. Other times, knowledge is difficult to transfer because individuals do not have the intensity of relationships (strong or weak) for the type of knowledge that needs to be transferred (tacit or explicit) such that individuals are unwilling to take the time or make the effort to teach a coworker something they do not know. In other cases, the problem is much simpler, namely people within the organization do not know what others know and are therefore unable to ask them to share that knowledge (Leonardi, 2017).

KT, as mentioned earlier, is a label to describe the movement of knowledge across organizations (Szulanksi, 1996). Kostova (1999) conceptualizes the success of transfer as the institutionalization of the practice at the receiving organization. She proposes that the three sets of contexts within which KT takes place in multinational organizations—country, organization, and individual—affect transfer success reflecting the social, organizational, and relational embeddedness in which knowledge is housed. The first context is associated with the cognitive capacities of the individual working within the organization; the second is concerned with the structural framework of the organization, and the third results from the external structure of a multinational company. Most knowledge in organizations is encapsulated and transmitted via databases and information technology systems. However, knowledge does not often flow easily within organizations because its tacit elements hinder its mobility (Cabrera-Suárez et al., 2001).

Since knowledge tends to be sticky and difficult to transfer, the success of KT is contingent upon both the process of KT and contextual variables. Li and Hsieh (2009) report that an increase in knowledge stickiness may have a positive and significant influence on knowledge implementation and KT satisfaction. On the other hand, increases in knowledge stickiness beyond a certain point can also deter the success of KT. In addition, knowledge can also leak out of organizations because people are closer to their external communities than to the rest of their organization (Malhotra, 2002).

Measurement of Knowledge Transfer. KT has been measured both quantitatively and qualitatively. Previous KT instruments have been based on proxy constructs such as absorptive capacity, which refers to the differences between family-owned firms to be able to learn (Cohen & Levinthal, 1990). Presently, the KT industry does not endorse a globally supported measure. Instead, there are a variety of instruments that purport to measure KT effectiveness for specific samples, such as the degree to which transfer resulted in knowledge internalization, the number of KT activities the parties engaged in during a certain time, the time and budget necessary to complete the process, or the factors that can make KT sticky (Cummings & Teng, 2003). The consensus seems to be that organizations are unsure of how to gauge the effectiveness of their transfer activities.

Among the quantitative measures are instruments developed by Nor Aziati, Juhana, and Nor Hazana (2014) and Barroso Martínez et al. (2013). Nor Aziati et al. developed and validated a scale designed for a specific context, IT outsourcing. Following established scale development procedures (e.g., DeVellis, 2003; MacKenzie, Podsakoff, & Podsakoff, 2011), they developed a 12-item, 7-point Likert scale with a reliability coefficient of α = 0.71. Content validity was demonstrated and convergent, and divergent validity was established using factor analysis. The resulting instrument was judged to be reliable and valid in the context for which it was designed. Barosso Martínez et al. used a scale developed by Bartol, Liu, Zeng, and Wu (2009) that was designed to capture the degree to which knowledge gained by a member of the company is easily transferred to another member of the firm (Barosso et al., 2013). Nevertheless, the measurement of KT remains in its infancy and fails to consider all possible constructs pertinent to the measurement of KT.

Qualitative assessments of KT include respondent- and organization-specific interviews, anecdotes, and case studies. These measures are subject to biases and intra- and interorganizational idiosyncrasies that are difficult to replicate in different settings. Swap, Leonard, Shields, & Abrams (2001) assert that stories are powerful and meaningful conveyors of meaning and tacit knowledge and dramatize or illustrate managerial systems, values, and norms and are more likely to be believed and acted upon than policy statements or norms. They are particularly powerful when verbal narratives are enhanced using multimedia. Morris and Oldroyd (2009) also recommend storytelling as a means for promoting KT. They studied a particularly successful program of the World Bank Group's International Finance Corporation called SmartLessons, which offers a guide for writing narratives to post online, as well as the services of an editor, who ensures that the articles and multimedia presentations posted on the SmartLessons site really are in story form. Morris and Oldroyd report that the storytelling dramatically increased IFC employees' ability to absorb information.

McNichols (2010) provides an example of a qualitative study. She researched Gen X engineers using the Delphi method to extract their opinions regarding KT. The respondents indicated that KT requires visible and participative management involvement and is dependent on a knowledge-sharing culture characterized by open communication, trusting and mentoring relationships, and a solid technology infrastructure.

Effectiveness of Knowledge Transfer. An organization's ability to help employees share knowledge is directly related to its innovativeness and ability to grow and retain talent. However, knowledge sharing remains a problem for many large organizations. Sometimes, knowledge sharing is difficult because knowledge itself is sticky; it requires deep contextual understanding of how to decode and apply an expert's knowledge. Other times, knowledge is difficult to transfer because it does not have correct relationships (strong or weak) for the type of knowledge that needs to be transferred (tacit or explicit) such that people are unwilling to take the time or make the effort to teach a colleague something they do not know. People within the organization do not know what others in the company know and therefore are unable to ask them to share that knowledge.

Gladwell (2000) identifies three effective methods of promoting KT. First, he notes that some knowledge workers are intrinsically better at sharing information and helping colleagues to integrate new knowledge successfully. Second, content is important because new information must be memorable and sticky. Third, behavior can vary by social context. For example, time constraints can be a big factor if people stop to help one another. Therefore, creating the right context can be instrumental in making individual more open to learning. Gladwell concludes that having the right human or contextual factors in place determines whether or not people are receptive to new information.

Effective KT is particularly relevant for baby boomers. As they reach retirement age and begin to leave their organizations, their expert knowledge also leaves.

Research by Raytheon Professional Services (2015) has shown that only 38% of organizations are effective at capturing knowledge of key employees. This professional services organization concluded that without capturing and documenting relationships, procedures, and processes, there is no content to inform KT. At many family firms, a large part of the workforce is older and is either retired or is nearing retirement. These older workers are very experienced and have a good deal of knowledge about the processes, procedures, and machines in their workplace. Unfortunately, that information is typically just "in their heads"—it's rarely written down, documented, or recorded in any way. As these more experienced workers retire, family firms are scrambling to hire newer, younger workers to take their place. These workers are ambitious and work hard, but they know only a fraction of what they need to know to operate as effectively as the more experienced workers they will need to replace (Dalto, 2014).

The Role of Leadership in Knowledge Transfer Effectiveness

Leaders play a central role in the process of managing and transferring organizational knowledge. Unfortunately, little is known about the relationship between leadership and KT and other knowledge management processes, either empirically or theoretically. Three leadership styles have been suggested to provide a foundation for understanding how leaders influence knowledge management processes and transfer: transformational, transactional, and shared leadership. Hayat, Hasanvand, Nikakhlag, and Dehghani (2015) report significant positive correlations between transformational and transactional leadership and knowledge management. Additionally, they found that among the transformational leadership components, inspirational motivation and idealized influence predicted knowledge management processes. According to Hayat et al., "transformational leaders offer vision, motivation, systems and structures at all levels of the organization that facilitate the convergence of knowledge into competitive advantage" (43). These findings replicate those of earlier studies by Bryant (2003) and Crawford (2005).

Pearce (2004) notes that there is a trend in the knowledge industry toward shared leadership, or team-based knowledge leadership, as opposed to vertical leadership in which one individual is in charge. Shared leadership involves dynamic, interactive influence processes among and between individuals in teams (Pearce & Conger, 2003). Pearce (2004) argues for three organizational systems: (a) training and development systems, as the need for training increases significantly as a company moves from vertical to shared leadership; (b) reward systems that take individual and team contribution into account; and (c) cultural systems designed to implement a culture that supports team leadership. Pearce concludes that transformational leadership may be particularly effective in firms dominated by knowledge workers because they depend on the significant voluntary intellectual contributions of highly skilled professionals.

Savage (2017) addresses the effectiveness of on-the-job-training (OJT) in KT. She notes that the appeal of technical experts is that they have experienced a wide variety of situations within their domain and therefore can rapidly resolve issues that come up in the training process. However, with OJT, there is no guarantee that lesser-experienced team members paired with an expert will observe and learn from every possible technical problem that can arise. Dalto (2014) argues that having a structured OJT program in place with clearly defined roles, expectations, and standards will not only help the unexperienced worker learn more, but also make the experience more satisfying for the experienced employee. Blended training approaches that incorporate written materials, online computer-based training, and hands-on/in-the-field and instructor-led training are generally more effective than programs that use only one type of training.

Conclusion

Organizations must focus as much attention on retaining and utilizing their older employees in new and innovative ways, as they do on preparing their millennial workforce for success (Savage, 2017). The model presented here explicates the linkages between generational and contextual characteristics of three workforce cohorts and KT effectiveness that are moderated by leadership succession. The proposed model can be empirically tested both quantitatively and qualitatively. Several quantitative and qualitative KT measures have been outlined that can be employed to enhance and refine the model components and increase the knowledge of the linkages between cohort generations, leadership succession, and KT effectiveness and success in small family firms. The article concludes with a discussion of the role of leadership in KT effectiveness.

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Organizational Decline: A Conceptual Framework and Research Agenda*

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While corporate fame and publicized successes increase organizational value, organizational decline and publicized failures can create a dramatic fall in market share or even bankruptcy. While the research on organizational decline has expanded dramatically, the research is far from mature in its understanding of the dynamics and antecedents of this phenomenon, or their relevance to its lifecycle and context. Therefore, the aim of this article is to investigate theoretical perspectives that seek to explain causes of organizational decline within a wider conceptual universe. Specifically, this article explains reasons why once-successful organizations unexpectedly fail at the height of their success. In addition to enriching the literature on organizational decline, this article provides a road map for future research efforts of scholars and practicing managers.

Key words: agency theory, contingency theory, institutional theory, organizational challenges, organizational decline, population ecology, resource dependence theory, resource-partitioning theory, strategic leadership

While some organizations are characterized by a variety of functional characteristics that lead to their success and fame, others are associated with patterns of dysfunctional attributes that might lead to conditions of organizational decline. Like all living organisms, organizations experience predictable patterns of growth and developmental behaviors. Accordingly, they are faced with challenges as they progress through their various lifecycle stages (Adizes, 1988; Serra, Pinto, Guerrazzi, & Ferreira, 2017).

Organizational strength and success rarely last indefinitely; however, some serious failures can be corrected. Evidence of organizational decline is not limited to the recessions of the late 1920s, 1970s, or the early 1980s (Arjen, 1998), but can be found even in times of prosperity like the late 1980s, the early 1990s, or during the 2000s. Many well-known organizations, such as Washington Mutual, WorldCom, General Motors, Enron, and Kodak, have failed in the past 20 years and lost billions of dollars in assets.

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Organizational decline has become a focal research theme in organizational strategy (OS) and organizational theory (OT) (e.g., Cameron, 1983; Cameron, Kim, & Whetten, 1987; Cameron, Sutton, & Whetten, 1988; Chandler, 1962; Ghazzawi & Cook, 2015; Khelil, 2016; Kimberly & Miles, 1980; Lamberg & Pajunen, 2005; Levine, 1978; Mellahi, Jackson & Sparks, 2002; Serra et al., 2017; Turner, 1976; Weitzel & Jonsson, 1989). A central question of these studies has been why some organizations fail while others rejuvenate, turn around, and become highly successful (e.g., Bolton, 1993; D'Aveni, 1989; Hambrick & D'Aveni, 1988; Lamberg & Pajunen, 2005; Trahms, Ndofor, & Sirmon, 2013; Winn, 1997). Despite the successes and challenges of the global economy, the threat of decline will continue to be a major concern for organizational managers.

According to Balthazard, Cooke, and Porter (2006), a dysfunctional organization exhibits markedly lower effectiveness, efficiency, and performance than its peers in comparison to industry standards. A major contributor to any organization's dysfunction is its culture. Dan (2012) suggests that

> immensely successful companies can become myopic and product oriented instead of focusing on consumers' needs. Kodak's story of failing has its roots in its success, which made it resistant to change. Its insular corporate culture believed that its strength was in its brand and marketing, and it underestimated the threat of digital. (para .2)

Ghazzawi and Cook (2015) note that regardless of an organization's type and size, its success is dependent on leadership that fosters futuristic vision, good information, due diligence, and good teamwork. Good leadership is a recipe for organizational success, while its absence is a path to dysfunction. Adizes (1988) suggests that the success or failure of any organization depends on its ability to transition effectively from its present lifecycle stage to meet its growth challenges. Failure is attributed to environmental forces (Buchko, 1994; Sheppard & Chowdhury, 2005) and is the misalignment of the organization to its environment. On the other hand, Ghazzawi and Cook (2015) argue that it is the organization's failure to adequately manage its major social, managerial, and entrepreneurial functions, noting that "while organizational challenges and failures are inevitable in some instances, learning from these major challenges and failures is important to organizational survival while their course reversal is key to successful operations" (40). Finally, failure is the culmination of decades of decline and the deterioration of the organization's financial performance (Hambrick & D'Aveni, 1988).

Organizational challenges, mistakes, and failures are inevitable in the present dynamic economic environment, and decision-making merits the making of certain assumptions (Hartley, 2011). According to Hartley (2011),

> mistakes can be categorized as errors of omission and commission. *Mistakes of omission* are those in which no action was taken and the status quo was contentedly embraced amid a changing environment. Such errors, which often typify conservative or stodgy management, are not as obvious as the other category of mistakes. . . . *Mistakes of commission* are more spectacular. They involve bad decisions, wrong actions taken, misspent or misdirected expansion, and the like. Although the costs of the erosion of competitive position coming from errors of omission are difficult to calculate precisely, the costs of errors of commission are often fully evident. (2)

Examining why some organizations have declined while others continue to be strong and successful is the primary objective of this article, which will provide an in-depth look into the antecedents for decline. In this article, *organizational decline* does not necessarily mean the death or demise of an organization; it is viewed as part of organization's natural process that might lead to organizational learning and a possible turnaround.

This article focuses on organizational decline as a macro literature review because the existing literature focuses on specific or limited causes of decline. However, other causes of decline have not received enough attention from researchers. Additionally, the organizational theory literature is more focused on examples of organizational success, despite the fact that many one-time iconic organizations such as Kodak, Enron, Continental Airlines, or Circuit City have not been immune to decline.

Therefore, this article has two main objectives: (a) to review the available literature on the internal and external antecedents of decline; and (b) to provide an integrated, theoretical, comprehensive model that can logically explain varying reasons associated with the decline phenomenon. Specifically, this research will be built on the following conceptualizations of decline found in organizational literature: population ecology, resource dependence theory, institutional theory, contingency theory, agency theory, resource-partitioning theory, institutional theory, and strategic leadership. The literature review will be used to provide a theory-based, conceptual framework to guide future research.

Accordingly, this article will provide a definition of organizational decline along with an extensive review of the literature on the antecedents of organizational decline. It builds on Weitzel and Jonsson's (1989) model of organizational decline and provides a comprehensive framework to explain organizational decline. Finally, this article will offer an agenda for future research.

Organizational Decline: Theoretical Framework

What Is Organizational Decline?

Bolman and Deal (2013) note that when managers are asked to analyze cases regarding the banking meltdown or the organizational challenges they face, they rely on three simple, misleading, one-size-fits-all beliefs focused around (a) *blaming people* or finding a scapegoat to expose; (b) *blaming the bureaucracy* or the argument that organizations are built on red tape or that some lack clear vision and goals; and (c) *the need for power* or arguing that key executives are more interested in advancing their own agenda/turf rather than the interests of their organizations. However, Bolman and Deal argue that "each of these three perspectives contain a kernel of truth but oversimplifies a knottier reality" (27).

Despite a vast amount of research on organizational decline (e.g., Anheier, 1996, 1999; Cameron, Whetten, & Kim, 1987; Cameron et al., 1988; Ghazzawi & Cook, 2015; Heine & Rindfleisch, 2013; Levine, 1978; Mellahi & Wilkinson, 2004; Probst & Raisch, 2005; Serra et al., 2017; Serra, Ferreira, Manuel, Isnard, & De Almeida, 2013; Turner, 1976; Weitzel & Jonnsson, 1989), the question of what constitutes organizational decline is debatable. Various terms have been used interchangeably within the literature, including, but not limited to, organizational decline, mortality, death, failure, exit, bankruptcy, retrenchment, and dissolution

(Mellahi & Wilkinson, 2004). Challenges usually occur when a firm's performance or resource base deteriorates over a sustained period of time (Bruton, Oviatt, & White, 1994; Weitzel & Jonsson, 1989).

Decline does not necessarily mean bankruptcy (Probst & Raisch, 2005). It could be a fall from grace, a decrease in profits, dramatic organizational challenges, shrinking financial resources (Cameron, 1983; Chhinzer & Currie, 2014), a downward spiral (Hambrick & D'Aveni, 1988), shrinking or loss of domestic or global market share (Burt, Mellahi, Jackson, & Sparks, 2002; Harrigan, 1982; Jackson, Mellahi, & Sparks, 2005; Mellahi et al., 2002; Starbuck, Greve, & Hedberg, 1978), or the inability of leadership to prompt the necessary changes to achieve goals or sustain growth (Giessner & Van Knippenberg, 2008; Meindl & Ehrlich, 1987; Novicevic, Harvey, Buckley, Brown, & Evans, 2006; Probst & Raisch, 2005).

While many organizational theorists remain fascinated with concepts such as disintegration, breakdown, bankruptcy, and decline, streamlining a single definition that integrates all these perspectives has proven very difficult as "we are dealing with empirical phenomena and the world has an uncomfortable way of not permitting itself to be fitted into clean classifications" (March & Simon, 1993, as cited in Jaffee, 2001, 1). While the definition of *organizational decline* as "a condition in an organization's resource base [that] occurs over a specified period of time" (Cameron, Kim, et al., 1987, 224) nicely integrates possible organizational challenges, this article bases its approach on Weitzel and Jonsson's (1989) definition, which differentiates organizational decline from periods of consolidation or responses or reactions to environmental demands for products and/or services. Accordingly, *organizational decline* is defined as the life cycle stage that organizations enter "when they fail to anticipate, recognize, avoid, neutralize, or adapt to external or internal pressures that threaten the organization's long-term survival" (Weitzel & Jonsson, 1989, 94). The aforementioned differentiation is consistent with the scope of this paper and consistent with Cameron's et al.'s (1988) definition proposing a two-part definition of decline that occurs when an organization's alignment with its niche or domain deteriorates (external factors) and/or when the firm's resources are reduced and leads to the deterioration of its performance (internal factors).

Equally important, this article differentiates between organizational decline and organizational crisis (McKinley, Latham, & Braun, 2014; Milburn, Schuler, & Waterman, 1983; Pearson & Claire, 1988), wherein crisis can involve highly ambiguous situations and challenges that threaten the organization's viability and might lead to its declination. The major difference between crisis and decline is "the speed with which the two phenomena occur and the amount of time decision-makers have to respond (Shrivastava, 1987, as cited in McKinley et al., 2014, 90). Masuch (1985) states that

> organizations of somewhat longer standing usually possess considerable reserve buffers, slack, emergency procedures, and the like to weather the storms of organizational life. They do not walk a tightrope. However, their deviation-counteracting capacity is not unlimited. . . . All declining organizations must pass that threshold before they collapse, because the threshold is the point of no return. It is the dividing line between a situation in which rescue might still be possible and one in which it is too late. (7)

Literature Review

This review of the literature investigating organizational decline is focused on theoretical and empirical research articles since the 1990s. Industrial organizational (IO) literature has paid little attention to the issue of organizational decline and failure (Van Witteloostuijn, 1998). In dealing with this phenomenon, it is important to distinguish between internal and external causes of decline as the literature of organizational studies framework is focused on two levels of analysis and distinctions (e.g., Anheier, 1996, 1999; Cameron et al., 1988; Jaffee, 2001). Internal causes at the intra-organizational level refer to the organization's internal characteristics and interactions and include social, managerial, and entrepreneurial functions. External causes at the interorganizational level focus on the organization's interaction with its external environment, as no organization is self-sufficient and its survival depends on the type of relationship it establishes with the larger systems within which it operates (Jones, 2013; Scott, 1998).

In fact, there is a distinct connection between the two cause levels whereby a failure to manage the external or interorganizational interaction is a clear indication of the firm's internal or intra-organizational failure. While these two functions might be influenced differently, they are ultimately impacted by similar outcomes. Figure 1 illustrates this relationship:

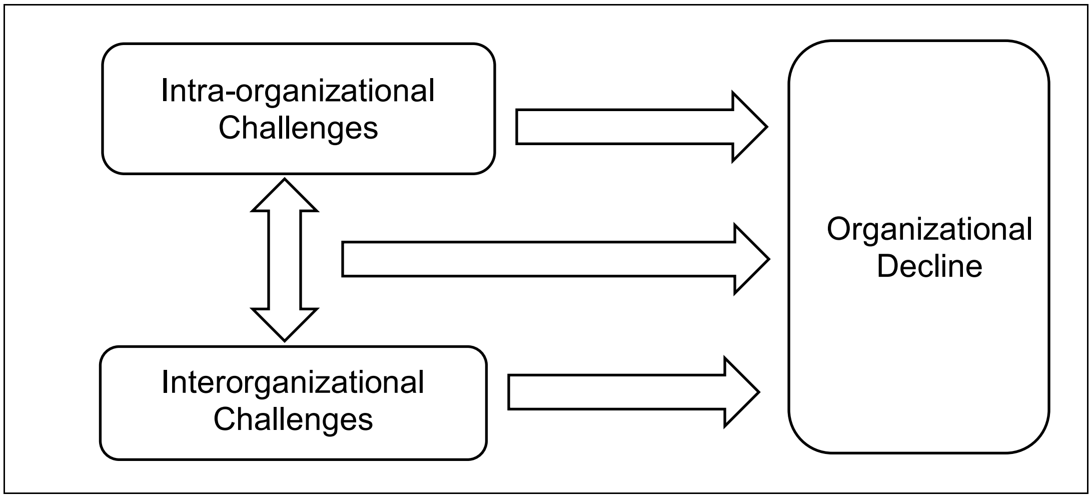

Figure 1. The relationship between interorganizational and intra-organizational challenges and declines

This article is consistent with Cameron et al.'s (1988) two-tiered definition, wherein decline occurs due to a deterioration in the alignment of an organization with its niche or domain (external factors) and/or due to a reduction in the firm's resources, leading to the deterioration of its performance (internal factors).

Intra-Organizational (Internal) Causes of Decline

Intra-organizational causes for decline are well-documented in the OS and OT literature (e.g., Anheier, 1996; Cameron et al., 1988; Cooke & Rousseau, 1988; Jaffee, 2001; Van Witteloostuijn, 1998). They include organizational inertia, strategic leadership failure, structural changes or poor organizational design, organizational strategic misfit, lack of innovation, maximizing rewards, and overly bureaucratic culture and organizational atrophy, as shown in Figure 2.

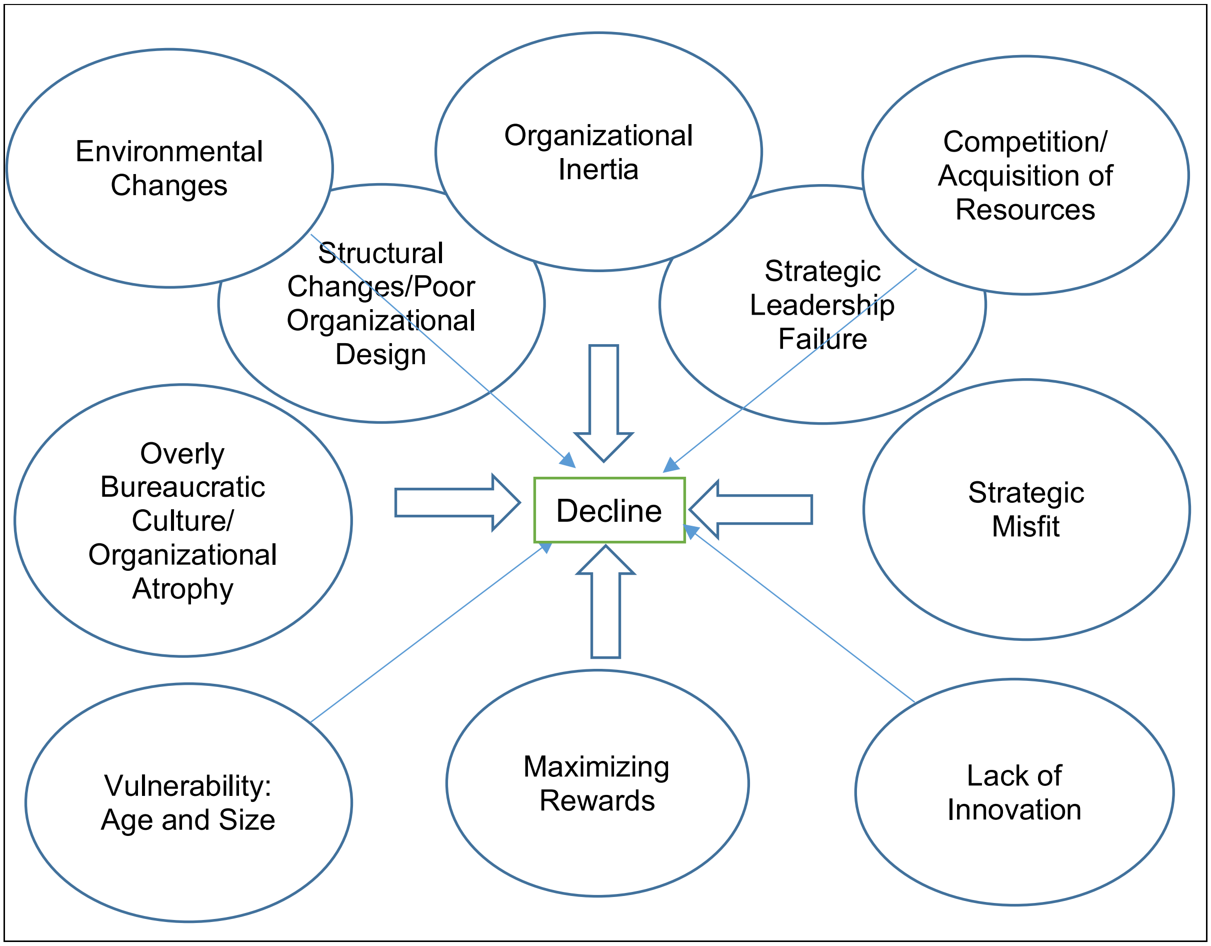

Figure 2. Organizational causal factors of decline

Organizational Inertia. *Organizational inertia* is a phenomenon of stagnant organizations that reflects an overly stable condition of an organization's products, production methods, and policies (Starbuck et al., 1978). In an effort to maximize efficiency, organizations establish their routines around their regular activities. Doing so causes organizational inertia, as an essential element of organizational behavior, along with the storage of ability (Nelson & Winter, 1982). These organizational practices are bound by the rules and habits of behavior (Edmondson, Bonmer, & Pisano, 2001). Over time, as inertia becomes gradually embedded into organizational practices, the organization automatically reacts based on past experience and shows strong internal resistance to change. Accordingly, inertia is caused by the organization’s inability to adapt to changes occurring in its environment as the forces inside an organization make it resistant to change in favor of maintaining the status quo (Argyris, 1957; Hannan &

Freeman, 1984; Jones, 2013). Resistance to change causes inertia, which leads to a decrease in organizational effectiveness, thus reducing its chances of survival. This inertia is found at all organizational, group, and individual levels (Greiner, 1997; Kanter, 1989). The most powerful impediments to change (Jones, 2013) are organizational power and conflict (e.g., Kotter & Schlesinger, 2008), differences in how divisions or functions see the source of an organizational problem (Jones, 2013), a mechanistic structure (Burns & Stalker, 1961), and a rigid organizational culture (Lawrence & Lorsch, 1986; O'Reilly, Chatman, & Coldwell, 1991).

Collinson and Wilson (2006); Hao-Chen, Mei-Chei, Lee-Hsuan, and Chien-Tsai (2013); and Liao, Fei, and Liu (2008) investigated the impact of inertia on innovation and found that it significantly impairs an organization. Other studies have investigated how an organization's complexity might add to its inertia or "the patterns of links among subunits" (Hannan & Freeman, 1984, 162). As organizational complexity increases, so does the time duration for change attempts and the possibility of failure (Hannan & Freeman, 1984).

A reliable and accountable organization requires a stable structure over time (Kelly & Amburgey, 1991; Nelson & Winter, 2009). Although such structural stability requires formalizing goals and operational standardization, its advantages generate strong pressures against change as members seek to maintain the status quo that preserves their interests. Accordingly, those advantages that give an organization its stability also bring resistance to change (Hannan & Freeman, 1984).

Environment changes create the need for organizations to adapt; however, the presence of organizational inertia makes the speed of required core organizational change slower than the rate of environmental change (Hannan & Freeman, 1984). Cyert and March (1963) note that large organizations may be subject to routines that might limit flexibility and foster inertia, leading to environmental maladaptation. Thus, when an organization repeats changes it has experienced in the past, its change process has a momentum (Miller & Friesen, 1984). If the experience with the change process was positive, inertia will be less likely. Conversely, if the organization has had negative experiences with its past change process, the likelihood of inertia increases (George & Jones, 2012), as the required change process involves some combination of changing organizational structure, technology, and people.

Strategic Leadership Failure. Great strategic leaders play a pivotal role in any organization's success and growth, as their primary focus is to ensure long-term organizational success. As such, leadership requires vision and future-oriented individuals. It is no surprise, then, that organizational declines and failures are often connected with failures in leadership (e.g., Giessner & Van Knippenberg, 2008; Hollow, 2014; Kets de Vries & Miller, 1984; Lord, Binning, Rush, & Thomas, 1978; Meindl & Ehrlich, 1987). In their analysis of the 100 largest organizational crises, Probst and Raisch (2005) conclude that leadership is a key source of organizational crisis. An organization's priority has always been to hire leadership concerned with managing its strategic decisions to create wealth for shareholders and owners by enhanced organizational performance (Hill & Jones, 2013), since making high-quality decisions is an important part of leadership (Kaipa, 2014). In fact, Kets de Vries and Miller (1984) suggest that organizational decline is frequently related to a CEO's rigidity.

The literature has several rich examples of companies that experienced declines due all or in part to their leaders. In 2000, Circuit City was a Fortune 500 company with more than 600 stores and 60,000 employees. The company had been a leader in the rapidly changing consumer electronics industry by focusing on customer service and savings. Circuit City offered excellent career development opportunities and training programs and was known for having the best-trained sales consultants in the industry (Popken, 2008; Wulf, 2011). In 2000, while the company's earnings and stock price were at their all-time high, Best Buy, its major competitor, showed higher earnings, total sales, per-store profit, and market share. In 2001, Circuit City CEO Alan McCollough began making changes that included divesting high-cost inventory items such as appliances and replacing them with higher turnover items. As this decision came in the wake of the residential real estate boom, Circuit City missed out on the spike in demand for appliances, which normally constituted about 10 to 15% of its overall sales (Romero, 2013).

In 2003, in an effort to lower costs, Circuit City announced workforce cutbacks, including the dismissal of some 3,900 commissioned salespeople (approximately 60%), moved the remaining salesforce to an hourly wage, and closed 10 repair centers. McCollough expected to save the company about $130 million in payroll costs to offset an expected $40 million drop in earnings caused by severance pay and charges (Willis, 2003).

In March 2006, Philip Schoonover became CEO of Circuit City and presided over poor corporate performance, posting net losses every quarter (Gogoi, 2008). Since he was primarily concerned with diminishing profitability, Schoonover announced his company-wide layoff plans in 2007. Based on the assumption that a highly paid, commissioned salesforce did not add real value to the company, Schoonover laid off 3,400 of Circuit City's presumably best qualified and performing employees (Gogoi, 2008). Circuit City was also facing fierce competition from Wal-Mart, Sam's Club, Target, Costco, and BJ's Wholesale Club. This restructuring in favor of lower-paid personnel led to poor customer service and declining sales revenues. This was possibly a contributing factor to poor television sales in 2007, when flat-panel television sales were a large part of the business (Bogoslaw, 2007). This move also led to a devastating loss of employee morale. Company stock dipped to $4.50 per share, a 77% decline (Gogoi, 2008).

Circuit City's most damaging leadership move came when it bought back its stock based on pressure from shareholders. The company had high cash reserves as a result of spinning off CarMax in 2002 and selling a private-label credit card bank in 2003. However, the company spent almost $1 billion between 2003 and 2007, buying back stock at an average of $20 per share when the stock was only worth $4.20 per share by the end of 2007. Buyback purchases could not change the simple fact that Circuit City's business was in serious trouble, and it was now also cash poor. On November 3, 2008, Circuit City announced that it would close 155 stores and lay off 17% of its workforce by year-end. The company filed Chapter 11 bankruptcy on November 10, 2008 (Romero, 2013), and on January 16, 2009, Circuit City announced its plans to liquidate and filed Chapter 7.

According to Ghazzawi and Cook (2015), leadership is the most important organizational variable that could enhance organizational prospective and rejuvenate it. The absence of a strategic leader could also conversely cause the organization to prematurely age, since leadership is the center of all organizational functions. The success of the functions of the organization (i.e., entrepreneurial, managerial, and social) will lead to its sustained success, while a failure in one or more of these functions can result in organizational “jolts” that might take the organization to its demise if no appropriate action is taken (Ghazzawi & Cook, 2015). This sentiment is consistent with Norris (1992), who argues that the quality of organizational leadership has a major impact on the stock price of publicly held organizations, since stock price is largely determined by how a company’s top leadership is perceived by the public.

Reflecting on the surprising 2001 collapse of Enron, one the most admired corporations at the time, Stein (2007) suggests that leadership characteristics such as greed, narcissism, or the use of primitive “splitting” and “transitional objects” swayed the leaders of Enron to behave in highly irrational ways that led to the company's downfall. Swiercz and Lydon (2002) argue that both self and functional competencies are required in entrepreneurial leaders who aspire to remain at the helm of their growth-driven, high-tech firms. This view is very consistent with Bennis (1989), who states that “the key to making the right choices will come from understanding and embodying the leadership qualities needed to succeed in the volatile and mercurial global economy” (6).

Structural Changes or Poor Organizational Design. The distinguishing characteristic of formal organizations is that they are rational instruments with a purpose to attain their agreed-upon goals (Shafritz, Ott, & Jang, 2015). The organizational processes by which activities or structures became infused with value beyond technical requirements are the most significant aspects of institutionalization. An organization’s structure is an adaptive organism, reacting to its external and internal environments, that also takes into consideration its people's commitment and characteristics (Selznick, 1948).

As organizations grow and become more complex, top management may find itself spending more time addressing day-to-day problems or finding solutions to short-term challenges, while ignoring longer-term problems facing the organization. Having these challenges and working to solve communications and integration problems between functions (departments), top management has no time to plan for the future, and thus loses direction. A poor organizational design or the lack of attention to it leads to organizational decline. To address these challenges, managers need to redesign the structure of an organization to increase the integration of its functions vertically to improve coordination between subunits, or horizontally by creating separate subunits to increase control within a subunit, while managing the relationship between these functions (Jones, 2013).

Ford, Sears, and Kodak, for example, have all experienced major sales and profits decreases for their failure to adjust to the new reality of global competition. Jones (2013) describes their reactions and why the failures occurred:

> In response, they have slashed their workforce, reduced the number of products they make, and even reduced their investment in R&D. Why did the performance of these blue-chip companies deteriorate to such a degree? A major reason is that managers lost control of their organizational structure and cultures. These companies became so big and bureaucratic that their managers and employees were unable to change and adapt to changing conditions. (15)

A change in structure affects the core features of an organization. Hannan and Freeman (1984) argue that structural change contributes to organizational failure as members, investors, and clients are more comfortable with organizations that exhibit reliable performance. The attempts to change an organization's structure disrupt its reliability, at least temporarily. The change in core features resulting from structural change increases the possibility of decline and failure. Jones (2013) notes that large organizations may suffer from coordination problems between divisions. When a multidivisional structure is created, firms use return on investment to compare divisions' performance. According to said measure, firms' headquarters can allocate resources based on divisions' performance. A major problem of this commonly used approach is that it may result in rivalry, as these divisions may begin to compete rather than to cooperate and share knowledge, where knowledge sharing brings innovation and possibly enhanced performance in all divisions (Jones, 2013).

Organizational Strategic Misfit. Literature on strategic fit (e.g., Porter, 1980) has stated that superior performance of an organization is highly related to its alignment to its environment. Chorn (1991) states that "strategic 'fit' considers the degree of alignment that exists between competitive situation, strategy, organization culture, and leadership style" (20). It refers to the "match" or congruence with the environment or the contingencies facing the organization (Andrews, 1971; Zajac, Kraatz, & Bresser, 2000). Chorn notes that any strategy or management style is appropriate only in a particular set of circumstances. This is consistent with the contingency theory of an organization, departing from conventional wisdom by developing general principles applicable to all organizations and situations (see Galbraith, 1973), because while certain factors may be appropriate in one organization and/or industry, they may not work in others, or in a certain time period, but not in another (Zajac et al., 2000).

Strategic fit has been traditionally viewed as having positive performance results (DeSarbo, Anthony Di Benedetto, Song, & Sinha, 2005; Miles & Snow, 1984). Contrary to that, if a firm's resources are poorly aligned with its environment, it will cause performance losses and thus lead to its decline (Trahms et al., 2013). In a longitudinal study of over 4,000 U.S. savings and loans institutions, Zajac et al. (2000) concluded that organizations that deviated from their environments experienced negative performance consequences.

The alignment or the fit process conceptually begins with aligning the firm to its marketplace, as this process defines the firm's strategy (Miles & Snow, 1984). Snow and Miles (1994) note that an important role of management is to help organizational members understand strategy, structure, and processes, and having a close fit facilitates that understanding. Closeness in fit also gives complex organizational structures clear tasks and responsibilities and ensures accountability when delegating decision-making. Additionally, close alignment is clearly visible to the outside observer and makes it easier for organizations to explain their effectiveness (Sheppard & Chowdhury, 2005). With a low fit or a misfit, managers will struggle to explain strategy, structure, and process. Structure, processes, and decision-making will be in an environment manifested with crisis and confusion, as departmental responsibilities are not clear. This environment leads to second-guessing decisions and potential crisis (Miles, Snow, Meyer, & Coleman, 1978; Snow & Miles, 1994). In such cases, when an organization fails to respond adequately to needed changes, the obvious consequences will be a performance detriment.

Bookseller Borders Group Inc. faced a series of strategic errors, as it failed to transition from its mall stores when its competitors were transitioning to superstores and online. Instead, Borders worked on improving brick-and-mortar revenue. Additionally, its CD sales strategy was implemented at a time when the media format was transitioning to digital. When Barnes & Noble and Amazon introduced e-readers, Borders continued to implement book sales through its emerging website. It opened superstores at a rapid pace even though these stores were losing their appeal in response to increased competition from the Internet and from unconventional booksellers like Home Depot. Moreover, while music sales were declining in its superstores, the company was adding music to its Borders Express concept, the company’s mall-based store, despite slow foot traffic (Duggan, 2011).

Lack of Innovation. Innovation has been the bedrock of organizational sustainability and success. It remains rooted in the foundational work of many scholars (e.g., Damanpour, 1991; Dougherty & Hardy, 1996; McKinley et al., 2014; Nohria & Gulati, 1996; Van de Ven, 1986) as innovation can lead to long-term competitive advantages for a firm (Martin-Rios & Parga-Dans, 2016; Porter, 1985). In its conceptual framework, this article follows McKinley et al.’s (2014) definition of *innovation* as “any novel product, service, or production process that departs significantly from prior product, service, or production process architectures” (91). While the presence of organizational innovation leads to an upward organizational spiral, lack thereof could lead to a downward spiral through rigidity or an absence of any innovation (Cameron, 1983; McKinley et al., 2014). The willingness of managers to get involved in creativity and innovation is contingent on the urgency of the situation/problem they are facing and their sense of control over it (Mone, McKinley, & Barker, 1998). Staw, Sandelands, and Dutton (1981) argue that in the context of threat rigidity theory, when confronted with external threats, managers usually focus their decision-making on initiatives such as efficiency, tighter budgets, cost cutting, and increased accountability. Doing so results in further narrowing their scope of strategic actions, thus leading the organization to potentially become less innovative in its strategic response.

Innovation also brings uncertainty regarding its results and difficulties and considerable risks to the firm (Abrahamson, 1991; March & Olsen, 1976), as there is considerable uncertainty regarding its payback (Bowman & Hurry, 1993). In light of the increase in literature on the impact of lack of innovation on organizational success or decline (e.g., Kanter, 1983; Latham & Braun, 2009; Tushman & Romanelli, 1985), existing organizational power structures may impede the speed of innovation and enhance "politicking" among various stakeholders. This, in turn, leads to slow or nonexistent critical strategic responses. On the other hand, cutting back on innovation spending during a decline affects an organization's future competitive advantage, since relying on low-risk projects leads to further decline, downward spiral, and failure (Hambrick & D'Aveni, 1988; Singh, 1986). In other words, continued decreases in innovation activity eventually lead firms to decline.

Dell, the giant PC maker, was one of America's great success stories of the 1990s and early 2000s. The company grew at a surprising rate and outperformed its rivals until 2007. Dell had focused on business customers, but that demand slumped during the 2008–2009 recession. Their competitor HP outsourced PC manufacturing to reduce costs in addition to providing business customers with a bundle that included advanced servers, storage devices, networking equipment, and managed and consulting services that enabled businesses to increase their effectiveness through technology. Another competitor, Apple, gained market share from Dell by differentiating its products through better design, ease of use, and better performance (Jones, 2013). Dell, however, lacked competencies in innovation and R&D and lagged behind both Apple and HP. As a consequence, Dell was forced to start selling through retailers such as Wal-Mart and Best Buy rather than its normal model of direct sales to customers, which cut out distributors and retailers. This shift in policy lowered its profit and performance compared to its rivals. While lack of innovation might lead to organizational decline, organizational decline can also stimulate creativity and innovation (McKinley et al., 2014).

Maximizing Rewards. In their classic work *The Modern Corporation and Private Property*, originally written at the time of the Great Depression, Berle and Means (1932/1991) advocate the separation of ownership from the control of the modern corporation. They believe that shareholders have traded their legal position of private ownership for the role of recipient of capital returns. Driven by this concept, management's desire for stronger property rights, power, and prestige often leads them to focus on maximizing rewards through strategies to increase organizational size that might lead to reducing future organizational effectiveness and profitability (Weidenbaum & Jensen, 1992). D'Aveni (1990) suggests that "pure profit maximizing behavior may be at the expense of organizational survival" (135). In their pursuit of the "optimum size," one of the most discredited concepts in the theory of the firm, managers are focused on profit and sales growth at the expense of other objectives, including ethical practices. According to agency theory, owners prefer managers to act in a manner that is consistent to shareholders' wealth maximization (Fama, 1980; Jensen & Meckling, 1976; Jensen & Murphy, 1990). Romer (2006) suggests that since management's actions are not easily observable by shareholders, performance results (including profitability, growth in sales, and wealth maximization) are indicators of their efforts. Accordingly, compensation for managers is argued to be structured based on profit-inducing decisions made by management (Barro & Barro, 1990).

The concept of agency theory can be understood through the critical, yet rigorous, analysis of Tirole's (1988) management motivation. Tirole argues that management, in addition to maximizing a firm's size, growth, and job security, pursues other objectives as well. Jones (2013) notes that

> the management teams of many large companies such as Goodyear, Kodak, and Anheuser-Bush have been accused of pursuing their own goals at the expense of shareholders, customers, and other stakeholders. Those management teams lacked any incentive to improve organizational effectiveness because they would not gain personally from doing so, and only powerful stakeholders or the threat of takeover can discipline them and force them to streamline operations. (324)

Doing so can lead to shareholders receiving misleading or incomplete information. It can also contribute to managers overestimating the need for more personnel. The consequences of these actions lead to decline. Enron is a classic example. Once the world's most dominant energy firm, Enron suffered huge losses in market value. Company shareholders and employee retirement accounts suffered losses of $75 billion, mostly due to unethical decision making by key managers aimed at maximizing financial rewards (Verschoor, 2002).

Overly Bureaucratic Culture and Organizational Atrophy. Culture is a key element to organizational success or decline, as it plays an important role in shaping and promoting innovation and responsiveness to a changing environment. Manifested in the shared fundamental beliefs, values, attitudes, property rights, and behaviors of an organization's members, culture allows a speedy and creative responsiveness to these changes while reinforcing the entrepreneurial spirit (Schein, 1996). However, organizational atrophy occurs as an organization grows older, inefficient, and very entrenched in practices and procedures that make it overly bureaucratic (Daft, 2013).

Scott and Davis (2015) note that analysts of the natural system of organizations advocate that there is more to organizational structure than the prescribed organizational rules, roles, job descriptions, and the associated prescribed behavior of members because individuals bring their heads and hearts to the workplace. Scott and Davis argue that "they enter the organizations with individually shaped ideas, expectations, and agendas, and they bring with them distinctive values, sentiments, and abilities" (63). Similarly, Parsons (1960, 1964) notes that each formal organization could also be categorized and analyzed as a social system in its own way, and each must therefore develop its own differentiated subsystem to accommodate its particular needs. Selznick (1948) notes that while rational organizations are formally ordered, formal structures can never succeed in controlling irrational organizational behaviors of people and structures.

One way to develop a bureaucratic culture is to emphasize the status quo, demand conformity to organizational procedures, limit employee autonomy by establishing a tall hierarchy in which behavior can be closely monitored, and give employees less flexibility (Jones, 2013). However, this culture makes it difficult for an organization to survive in a changing or uncertain environment.

Organizations may become less flexible and innovative as they age. They tend to be less proactive and fail to recognize new opportunities to bring about new products, develop their own products, or pursue a new market. As a result, an organization's ability to adapt to its environment deteriorates (Heine & Rindfleisch, 2013). According to Colvin (2005), "the most insidious force of all, it's what finally slowed down mammoths of past decades—General Motors, IBM, AT&T, Sears. The driving spirit fades, risk taking becomes a career killer, process replaces execution" (48). In some instances, organizations simply take success for granted (Miller, 1994).

A growing research stream in organizational studies finds a positive correlation between the culture of an organization and its effectiveness (e.g., Carmeli & Tishler, 2004; Yilmaz & Ergun, 2008). Managers have to make decisions when faced with various options on an ongoing basis. To do so, "they rely on ethical instrumental values embodied in the organization's culture" (Jones, 2013, 192), as they need to balance the interests of the organization against the interests of individual stakeholders (Arnold, Beauchamp, & Bowie, 2012).

Less effective organizations suffer from a dysfunctional culture that compromises the interest of the organization in favor of the interest of the individual (e.g., Balthazard et al., 2006; Heine & Rindfleisch, 2013). Dysfunctional behaviors are categorized as antisocial behaviors, or behaviors that bring or intend to bring harm to the organization and/or its stakeholders and employees (Pajunen, 2006; Van Fleet & Griffin, 2006). Mangione and Quinn (1975) describe such behaviors as counterproductive, while others describe them as behaviors with a harmful purpose or as “misbehavior” (Vardi, 2001). Dysfunctional behavior instigated by organizational factors negatively affects organizational purpose, reduces its effectiveness, negatively affects the organization’s social structure, and harms equity perceptiveness (Bulutlar & Öz, 2009).

Hartley (2011) notes that firms do not give enough consideration to cultural differences during acquisitions or mergers. These differences might lead to conflicts resulting from differences in perceptions, customs, prejudices, and ways of doing things. The acquiring firm expects to overwhelmingly impose its culture on the acquired one regardless of the consequences, such as pride and willingness to cooperate. Hartley uses the example of the merger between Daimler, the German maker of Mercedes, with Chrysler, arguing that it resulted in

> a merger of unequals—arrogance and resentments surfaced. . . . Morale will probably not be savaged in a soothing takeover, but there can be serious problems with this approach also. Permitting an acquisition to continue operating with little control can be a disaster waiting to happen, especially if the acquisition is a foreign firm. (320–321)

In the case of the Daimler–Chrysler merger, the top Chrysler executives were replaced by executives from Germany, which led to assimilation and coordination problems that plagued the merger for a few years and resulted in Daimler selling Chrysler to a private equity firm at a loss of billions of dollars (Hartley, 2011). Thus, Hambrick and D’Aveni (1988) conclude that the internal mechanisms of failing firms indicate that their responses to environmental changes are either too active or too passive as “both inaction and hyperaction seem to typify firms in their years prior to failure” (15).

Interorganizational (External) Causes of Decline

Interorganizational and external causes of decline are also well-documented in the OS and OT literature (e.g. Aldrich, 2008; Baum & Singh, 1994, 1996; Cameron et al., 1988; Hannan & Carroll, 1995; Pfeffer & Salancik, 1978; Scott, 1998). These interorganizational causes are connected to various phenomena, including environmental changes, vulnerability due to age and size, and competition/acquisition of resources.

Changes in the Environment. The increasing prominence of open system concepts has attracted interest from researchers to study the effects of the environment on organizations (Scott, 1998). As an environment becomes more dynamic, forces in the specific and general environment change over time and make organizations subject to uncertainty (Aldrich, 2008). Resource dependence theory provides an alternative to environmental dynamism by emphasizing more proactive strategic approaches in dealing with environmental constraints and challenges (Miller & Shamsie, 1996; Pfeffer & Salancik, 1978).

One goal of an organization is to minimize its dependence on others when needed resources become scarce. Resource dependency can be explained by Pfeffer and Salancik (1978):

> To survive, organizations require resources. Typically, acquiring resources means the organization must interact with others who control these resources. In that sense, organizations depend on their environments. Because the organization does not control the resources it needs, resource acquisition may be problematic and uncertain: Others who control resources may be undependable, particularly when resources are scarce. . . . Survival of the organization is partially explained by the ability to cope with environmental contingencies; negotiating exchanges to ensure the continuation of needed resources is the focus of much organizational action. (258)

Emery and Trist (1965) attempt to classify environments according to how resources are distributed and how organizations are forced to consider behaviors of other organizations in the same population. They classify the environment texture into four types:

- ***Placid, randomized environments*** are the simplest type of organizational texture, in which required resources by organizations within the border "territory" are randomly distributed and unchanging.
- ***Placid, cluster environments*** are classified as "more complicated, but still a placid environment." In these environments, resources are clustered but not changing, and organizational survival becomes "precarious" (25).

- ***Disturbed-reactive environments*** are environments in which there is only one organization of the same kind, and "the existence of a number of similar organizations now becomes the dominant characteristic of the environment field" (25). In this environment, the availability of resources is contingent on the actions of the existing organizations themselves. Organizational survival in a disturbed-reactive environment is dependent on the use of strategies that take into consideration the behaviors of other competing organizations.
- ***Turbulent fields*** are more complex environments that lead to relative uncertainty. In this dynamic environment, complexity arises not only from the interaction of organizational components, but also from the field itself. That is, "the ground is in motion" (26). Therefore, all organizational components must interconnect and work very closely to survive.

Organizations strive to acquire control over resources to minimize their dependence. Otherwise, they become vulnerable if vital resources are controlled by other organizations (Daft, 2013). If they become too vulnerable, organizations suffer negative performance consequences (Ulrich & Barney, 1984). Due to a fire in its Albuquerque, New Mexico, plant on March 17, 2000, Philips Electronics was forced to delay production of its computer chips. As a result, Nokia and Ericsson, who used Philips Electronics chips in their cellular phones, were left scrambling (Daft, 2013).

Nokia's flexible, organic structure encourages bad news to travel fast, so top managers were able to react quickly. In a matter of hours, a team composed of supply engineers, chip designers, and top managers from China, Finland, and the United States redesigned some chips that could be produced elsewhere. However, Ericsson was unable to react effectively, resulting in roughly $400 million in potential revenue loss when it came up millions of chips short (Daft, 2013).

Organizations succeed as they become more autonomous and independent. One way to ensure independence is to alter the independent relationship by purchasing ownership in suppliers or creating joint venture relationships to ensure supply of resources or long-term contracts. For example, to secure quality raw materials, Nestlé SA, the world's largest seller of packaged coffee, implemented a plan to provide free training, advice, and higher quality plants to coffee farmers throughout the world. Nestlé officials believed that by demonstrating commitment and paying attention to farmers, they would be able to double the amount of quality coffee they could buy from them (Daft, 2013).

Microsoft Corporation is another example. The company has a virtual monopoly in personal computer operating systems so that any technical changes it makes, regardless of magnitude, can impact producers of application software. As a result, Microsoft has been accused of abusing its power and squashing small competitors (Daft, 2013). In fact, Brandt (1989) once compared it to an "elephant rolling around, squashing ants" (148).

Vulnerability: Age and Size. An organization is considered vulnerable when it is unable to survive in its environment for many reasons: being new, small, or not fully established (Daft, 2013). Small, new organizations are affected by shifts in consumer tastes or the economic health of the specific environment that they serve. Young organizations are faced with the liability of newness by not having stable structures to manage their operations that can lead to early decline (Jones, 2013). Vulnerable organizations are faced with greater competition from well-established organizations. Contrary to large, well-established, mature organizations, small and new organizations are usually unable to obtain needed resources, including customers, financial resources, and especially human resources, since skilled employees and managers prefer to work for well-established organizations (Hannan & Carroll, 1995). Additionally, smaller organizations might also be paying higher interest rates and handling costs of regulatory compliance (Aldrich & Auster, 1986).

The liability of organizational smallness is relevant in part to the liability of newness as new organizations start small. Studies examining this phenomenon have concluded with few exceptions that organizational failure rates decline with increased size and age (Baum, 1999). In contrast, other studies have found that large organizations function more efficiently, use economies of scale, and absorb shocks and unexpected events resulting from environmental changes (Moran, 2016; Perrow, 1972). The process of natural selection ensures the survival of those organizations that have the skills and abilities that fit well with their operating environments (Aldrich, 2008).

In his examinations of the interactive effects of age and technology strategy in the American personal computer industry, Henderson (1999) differentiates between "proprietary strategists, who use internally developed, firm-specific technologies, and standards-based strategists, whose technologies conform with open and publicly available specifications" (281). Study results found a strong support for his contingency view. They also showed that proprietary strategists did not exhibit a liability of newness. However, technology strategy had two important influences on aging. While standards-based strategists exhibited a liability of adolescence in their failure rates, proprietary strategists exhibited a liability of obsolescence. Another important finding was that different patterns of age dependence coexist simultaneously in a single population. That is, joint effects of age and strategy produced long-term tradeoffs across different performance outcomes. For instance, rates of sales growth increased with age for proprietary strategists, but so did their risk of failure.

Organizational selection processes favor well-structured organizations capable of demonstrating reliability and accountability, which requires high reproducibility. Reproducibility is best achieved through institutionalization and routinization (Hannan & Freeman, 1984). Accordingly, older, established organizations are less likely to fail compared to new, less-established organizations, as it may be difficult for less experienced organizations to understand volatile market forces and apply this knowledge to future actions (Dobrev , Tai-Young, & Carroll, 2003).

Competition/Acquisition of Resources. Organizations are faced with increasing competition from other organizations competing for the same resource. All organizations in the same population contain elements of dominant competence (i.e., the organization's technical core), drawn from the same collection of elements (McKelvey, 1982). Ecologists define *populations* as "organizations exhibiting the same structural form" (Scott, 1998, 125). According to Hannan and Carroll (1995), *form* “summarizes the core properties that make a set of organizations ecologically similar” (29).

Research in organizational ecology suggests that the intensity of competition between organizations in a population is relevant to their similarity in resource requirements. The greater the similarity between organizations, the greater the resource requirements they have, and the greater the potential for intense competition and rivalry (Daft, 2013). Hannan and Freeman (1984) suggest that organizations of different sizes use different strategies and structures. While some are engaged in similar activities, large and small organizations in a population depend on different resource mixes and can result in more intense competition between similarly sized organizations.

Carroll (1985) suggests that if an environment is characterized by economies of scale, competition among generalists to occupy the center of the market helps free peripheral resources that are most likely to be used by specialists (i.e., organizations pursuing a niche market). Carroll calls this *resource partitioning,* and suggests that specialists can exploit more of the available resources without engaging in direct competition with generalists when markets have few generalists. Accordingly, market concentration increases the failure rate of generalists while lowering the failure rate of specialists. Resource-partitioning theory is supported in studies of the organizational failure of nine newspaper populations, covering over 2,500 newspapers in the 19th and 20th centuries (Carroll & Hannan, 1989). It is also derived from studies of organizational birth and mortality based on a population of 253 American breweries from 1975 to 1990 (Carroll, Preisendoerfer, Swaminathan, & Wiedenmayer, 1993; Carroll & Swaminathan, 1992).

Organizational Decline Process

Weitzel and Jonsson’s (1989) model of decline stages is based on an extensive research and review of decline studies. They suggest that if decline is not properly managed, it might go through five stages, which could result in organizational mortality. Accordingly, the decline process resembles a downward spiral full of misperceptions and mistakes. Figure 3 depicts Weitzel and

Jonsson's model, which an organization might experience if it is not able to adapt and meet environmental or other challenges. Descriptions of the five stages in their model follow.

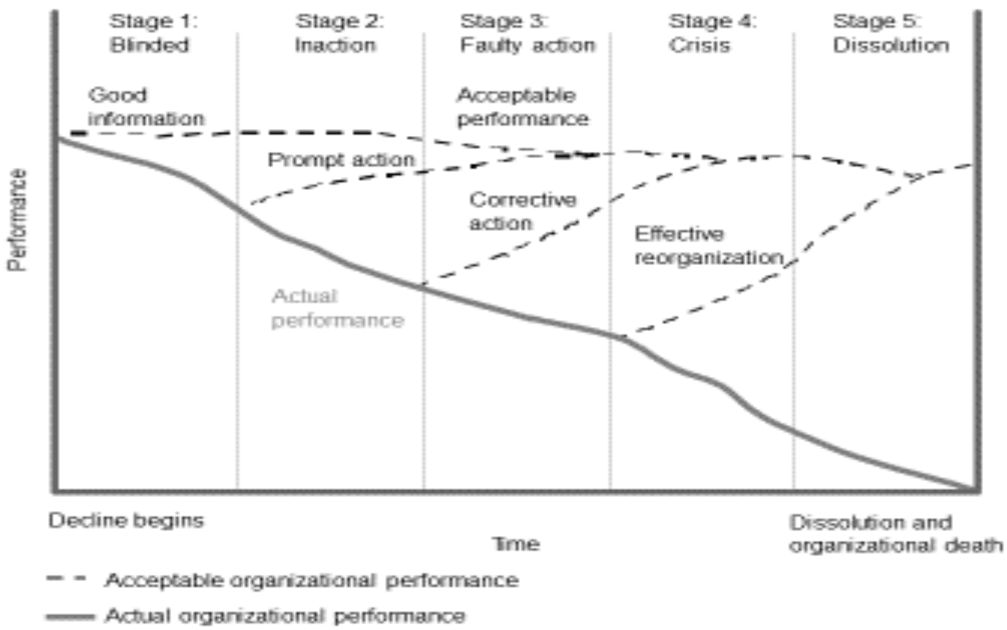

Figure 3. Weitzel and Jonsson's model of organizational decline. Adapted from "Decline in Organizations: A Literature Integration and Extension" by W. Weitzel and E. Jonsson, 1989, *Administrative Science Quarterly, 34*(1), p. 102. Reprinted with permission.

Stage 1: Blinded

In Stage 1, an organization is unable to recognize the internal or external challenges that threaten its long-term viability, as its leadership missed the warning signals of decline. The solution is to develop a warning system and develop its environmental scanning abilities to alert leadership to any future warning signs. The organization needs to obtain timely and reliable information to take the organization back to where it needs to be. The absence of such good information will eventually lead to organizational dissolution. For example, Borders reached the "blinded stage" of decline because it was unable to recognize its external and internal challenges. It continued its rapid growth of superstores when competitors' online sales were exploding.

Stage 2: Inaction

In Stage 2, top management takes little or no action to correct its declining path. Top management is in a state of complacency and denial as it favors the status quo instead of taking serious action. Hambrick and D'Aveni (1988) suggest that the internal mechanisms of failing firms imply that their responses to environmental change are either too active or too passive. Accordingly, they argued that "both inaction and hyper-action seem to typify firms in their years prior to failure" (15). For example, Borders slipped into the "inaction stage" as its management ignored the severity of their actions. Compared with other online booksellers, Borders' management was slow to realize the dot.com business was suffocating profits. Thus, Borders continued to believe that successful bookselling was through retail stores (Muller, 2000).

Stage 3: Faulty Action

In Stage 3, an organization faces serious challenges, and the signs of its poor performance are alarming. Failure from management to adjust to these alarming signs could be fatal. In this stage, managers may make the wrong decisions or adjust to a declining spiral too little or too late. Actions to correct this path may include retrenchment. Any uncalculated mistake at this stage will decrease an organization's chance of turnaround (Daft, 2013).

Eastman Kodak is a good illustration. In 1975, the company was a leader and an inventor of the first digital camera; however, Kodak did not market the new digital technology out of fear it would undercut its lucrative film business, even when the demand for digital products was a fact of life in the marketplace. Kodak's lack of focus on the development and marketing of its own invented digital technology might be a key reason to its demise (Mui, 2012).

Stage 4: Crisis

If an organization reaches Stage 4, it is unable to successfully deal with its challenges and reverse its declining spiral. Thus, the organization's only choice is a major reorganization, including the replacement of top management and institutionalizing revolutionary changes in structure, strategy, and culture to stop its decline. This is the last chance an organization has for reversal and turnaround—not an easy task (Ghazzawi & Cook, 2015).

Stage 5: Dissolution

In Stage 5, decline is irreversible, as the organization is suffering losses. It is losing market share, profitability, personnel, and capital. Organizations in Stage 5 have no option but to close down and manage the separation of its employees in a humane fashion to reduce the trauma of this crisis on its human resources.

For example, Circuit City's faulty decision to spend about $1 billion to buy back its stock between 2003 and 2007, at an average of $20 per share when the stock was worth only $4.20 per share by the end of 2007, could not change the reality that its business was in crisis. The decision also stripped Circuit City of much-needed cash (Romero, 2013). In short order, the company filed for bankruptcy and then dissolution. Depending on the stage a firm reaches, the consequences of organizational decline are either a turnaround success that tends to be strongly firm centered or, in some instances, an organization's mortality.

Conclusion

As organizational declines have become an important research subject in OS and OT, this article is another plea for bridging inter- and intra-organizational antecedents to the study of organizational decline. Accordingly, this article had two main objectives. The first was to extensively review the available literature of the internal and external antecedents of decline and why declining organizations exhibit markedly lower effectiveness, lower efficiency and, in turn, a lower performance than peer organizations. The second was to provide an integrated, theoretical, yet comprehensive model that can logically explain varying reasons associated with this phenomenon based on an extensive literature review. It was built on Weitzel and Jonsson's (1989) model of organizational decline.

This article distinguishes between internal intra- and external interorganizational causes of decline as the OS literature is focused on two levels of analysis and distinctions (e.g., Anheier, 1996, 1999; Cameron et al., 1988; Ghazzawi & Cook, 2015). The intra-organizational level, refers to the organization's internal characteristics and interactions and includes organizational inertia (i.e., a phenomenon of stagnant organizations), the failure of its leadership, structural changes or a poor organizational design that makes it hard to respond, organizational strategic misfit, the lack of innovation, maximizing of rewards, and dysfunctional and/or an overly bureaucratic culture or an (i.e., organizational atrophy). The interorganizational level is focused on the organization's interactional challenges with its external environment and includes changes in the environment, vulnerabilities (being new, small, or not fully established), and increased competition from other organizations competing for the same resources.

Decline: A Proposed Future Research Agenda

Given the nature of the competitive and dynamic environment of organizations and the stage at which management makes decisions, mistakes and challenges are sometimes inevitable. The above literature review on organizational decline could be a source of major empirical research designed to further test decline causes. While the importance of all causal factors of decline are worthy research topics, this article specifically suggests that future research should focus on the role of leaders, innovation, and resource allocation as perhaps the most critical variables for further study. Table 1 on the next page presents possible questions for future research.

Table 1: Future Research Directions for Organizational Decline

Strategic Leadership	Innovation
• What are the key predictors of CEO failure? • What are the leadership challenges in the time of decline? • Is changing the CEO and the top management team (TMT) always healthy in an era of decline? • How do family firms manage the need for leadership change during organizational difficulties when the CEO is a family member? • What is the impact of leadership styles and practices on organizational decline?	• What is the impact of performance-based resource allocation on a firm's innovation during the decline process? • How does the TMT narrow their scope of strategic action by focusing on efficiency, tighter budgets, cost cutting, and an increased accountability as opposed to innovation? • What effects do innovation, complexity, and uncertainty have during a firm's decline? • How does innovation or its rigidity play in downward organizational spiral (experiential lessons from large organizations)?
Resource Allocation	**The Role of Stakeholders**
• What benefits, if any, does downsizing capacity have for a firm during the decline process? • Are entrants are aware of their post-entry cost and their rivals' cost? • What effects do rivalry, relationship, and the lack of knowledge sharing among divisions in a performance-based resource allocation have on a firm's decline? • What role does resource misallocation play in a firm's decline? • How does TMT cognition affect the firm's retrenchment and other strategic decision-making during a decline?	• What is the perceived emotional relationship among organization stakeholders during a firm's decline? • How do family firms manage the intra-organizational relationship and the need to change during the period of decline? • What is the impact of a firm's power struggles on organizational decline? • What are the common misperceptions and mistakes among organizational stakeholders during a firm's decline? • What effects does power structure and its impediment have on the speed of innovation and strategic response during an organizational decline?

The article suggests future empirical research related to leadership, as it believes that leaders play the most pivotal role in the life of an organization. Leadership's ability or inability to prompt the necessary changes for achieving an organization's goals or sustaining its growth might lead to its success or failure. Also, given the common belief that changing a CEO and the top management team could lead to organizational turnaround, this concept needs to be empirically investigated and a model of how and when it is necessary to do so should be suggested. Future research on innovation should further investigate the extent of its role in the growth of a firm, and whether or not the lack of innovation has a major impact on its downward spiral. This article also suggests various related topics in industrial organization and organizational studies relevant to the allocation of resources and to what extent the impact of misallocation might lead to decline.

Future research should provide an integration of industrial organization and organizational ecology in the study of specific decline causes and the turnaround process. Future studies should also provide opportunities to empirically test these suggested decline assumptions and conclude with evidence of relationship, implications, and a model relating to leadership, innovation, resource allocation, and stakeholders in the decline and turnaround process.

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Emotional Intelligence Through Interprofessional Mentorship and Education: A Recipe for Leadership Success*

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In this article, we examined pre-post self-reported ratings of emotional and social competencies (ESC) among an interdisciplinary group of undergraduate pre-licensure students in the health professions and public health and their relevance to leadership development. This quantitative pre-post study evaluated the ESC of three cohorts of students enrolled in a leadership program embedded within an urban university in the northeastern United States. Each cohort completed the assessment when they started a nine-month leadership program and upon program completion. The changes from baseline to post-course were statistically significant and positive in 13 of 14 ESC measures. These findings further support the value of integrating direct ESC teaching objectives in undergraduate education to advance leadership skills in the health professions and public health.

Key words: health professions, leadership development, undergraduate education

"*The rules for work are changing. We're being judged by a new yardstick: not just by how smart we are, but by how we handle ourselves and each other."*
—Daniel Goleman (1998, 3)

Enhancing undergraduate students' emotional and social competencies (ESC) is an integral part of optimizing how students engage in the health professions and public health, both in academia as well as when transitioning into their professional roles after graduation (Shek & Ma, 2016). Students in the health professions have been depicted as having a unique blend of clinical competence and a service proclivity toward caring (Kumar, Puranik, & Sowmya, 2015). Moreover, students tend to be less mindful of their social and emotional limitations compared to their insights about mechanical deficits (Scott, Whiddon, Brown, & Weeks, 2015). Interestingly, Kumar et al. (2015) argue that an individual's character with a predisposition for service and caring may be

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reflected by one's emotional competence. Similarly, emotional competence among public health students is important when striving to support healing and community development, promote health equity in a society that upholds pervasive discriminatory practices and policies, and enhance collaboration and teamwork (Johnson, 2013). Notably for students, ESC improves effective leadership and is now considered a criterion of successful professional performance and outcomes (Daire, Gilson, & Cleary, 2014). Intentionality is needed in order to optimize one's ESC. Clawson (2010) states that individuals behave in characteristic ways, noting that "humans tend to be creatures of habit" (93). Therefore, self-assessment is critical for mitigating preconscious actions and enhancing consciousness about changes we desire to make in our lives.

Our emotions are crucial determinants of how well we function in everyday life (Peña-Sarrionandia, Mikolajczak, & Gross, 2015; Shek & Ma, 2016). According to Lampe (2017), emotional competence "phoenixes from the concept of social intelligence [competence] first identified by Thorndike in 1920" (25). Interestingly, Thorndike describes *social competence* as "the ability to understand and manage men and women, boys and girls—to act wisely in human relations" (Lampe, 2017, 25). Later, emotional competence began to merge with social competence (Flowers, Thomas-Squance, Brainin-Rodriquez, & Yancey, 2014). Manuti and de Palma (2014) describe *emotional competence* as social acumen whereby individuals are capable of censoring their own and others' feelings and emotions, differentiating between them, and employing this information to direct their thinking and action.

Work environments in the 21st century necessitate that students acquire enhanced skills and abilities in teamwork, networking, and collaboration, regardless of a formal or informal leadership role. Few professionals practice in isolation of other professionals; most practice in a culture of collaboration and interaction (Mintz & Stoller, 2014). Lampe (2017) asserts that ESC are considered to be the foundation of fostering and increasing such proficiencies. Recognized as important to enhancing professional leadership, emotional competence and interpersonal skills are now regarded as important components in healthcare practice (Fernandez, Noble, Jensen, & Chapin, 2016; Morales, 2014). To make a positive difference toward optimizing health in our society, integrating these skills in an intentional manner within the curriculum is critical. To that end, students in the health professions and public health must learn to effectively recognize and respond to emotions (self and others) so that they can improve patient–provider relationships, enhance patient satisfaction, diminish adverse encounters with colleagues, and optimize management of one's own stressors and mistakes (Papadimos et al., 2016). While these are teachable skills, there is currently a paucity of research investigating ESC in healthcare education (Mintz & Stoller, 2014).

Taken together, to become professionally equipped graduates of postsecondary education who are valuable employees, efficient managers, and dynamic leaders, students should be ready to acquire a diversity of ESC skills, including how to recognize, understand, and successfully employ the power and perspicuity of their emotions as well as the emotions of others (Kumar et al., 2015; Lampe, 2017). By doing so, they enable elevated levels of collaboration and are more likely to use this knowledge to enhance work relations with their colleagues, communicate effectively with their patients, manage stress and uncertainty, and produce better treatment outcomes (Larin, Benson, Wessel, Martin, & Ploeg, 2014). While some singular undergraduate professional studies have been conducted (Bellack et al., 2001; Carmichael, Bridge, & Harriman, 2016; Romanelli, Cain, & Smith, 2006), this research is important as few studies within the United States have been found in peer-reviewed journals that examine (a) pre-post self-reported ratings of ESC among an interdisciplinary group of undergraduate pre-licensure students in the health professions and public health and (b) its relevance to leadership development (Larin et al., 2014; Waite, McKinney, Sahl, Nguyen, & Fox, 2015).

Method

This quantitative pre-post study evaluates the ESC of students enrolled in a leadership program embedded within an urban university in the northeastern

United States. Data from three student cohorts were used (2014–2015, 2015–2016, and 2016–2017). Each cohort completed the assessment in the fall when they started a nine-month leadership program and then again in the spring when they completed the program.

Brief Overview of Leadership Program

The leadership program supports development of leadership skills and abilities among undergraduate health professions and public health students. The core concepts of the program are interprofessional student-centered learning; self-awareness; structured reflection; critical consciousness with a lens toward racism and racial, ethnic, and cultural diversity; social determinants of health and health literacy; health equity; fostering community relations; problem-solving; and team-building skills. Faculty use varied delivery mechanisms for course content (e.g., articles, videos, role play, mental mapping, thoughtful co-constructed dialogues, leadership briefs, roundtable debates, student-led presentations, and fish bowl exercises). In addition, community service-learning initiatives are implemented at varying levels through each course. Students are encouraged to embody a "learn-by-living" approach to strengthen their ESCs as they gain knowledge about leadership in order to cultivate positive change within themselves. Students are also apprised of expectations for them to think deeply and analytically about the content being addressed and to appreciate the backgrounds and perspectives of their fellow students when speaking to topics under discussion. Students use the results of their Emotional and Social Competence Inventory–University Edition (ESCI–U; Boyatzis & Goleman, 2007) measure as an educational tool to develop an individualized professional development plan that guides their development throughout the program and informs their coaching sessions with mentors. The ESCI–U also facilitates team interaction and enables a better understanding of responses in group dynamics. This permits students to have ownership of their development of competencies for which they have identified areas of weakness. Students also gain insight into recognizing their privilege, assumptions about topics discussed, and appreciation of their individual power. This approach allows students to learn new information about themselves as it relates to leadership growth while they progress through three credit-earning courses during the fall, winter, and spring quarters. The ESCI–U is completed at the beginning of the fall quarter and in May during the last course. Students are sent a link to complete the assessment electronically.

Setting and Sample

This study took place at a major urban university in the northeastern United States. Institutional review board approval was received, and student participants were drawn from colleges that enrolled health professions, nursing, and public health students who responded to informational sheets advertising the program. The researchers recruited 49 student participants who (a) voluntarily committed to taking all three leadership courses consecutively while concurrently taking the required courses for their academic major (nursing, health sciences, health services administration, behavioral health counseling, nutrition, or public health) and (b) were in good academic standing as a sophomore, junior, or senior.

Instrument

The Emotional and Social Competence Inventory–University Edition (ESCI–U) consists of 70 items that examine 14 competencies containing areas of cognitive and emotional elements (Boyatzis, Batista-Foguet, Fernández-i-Marín, & Truninger, 2015; Boyatzis & Goleman, 2007). There are two cognitive competencies: systems thinking and pattern recognition. The remaining 12 emotional competencies are emotional self-awareness, emotional self-control, adaptability, achievement orientation, positive outlook, empathy, organizational awareness, influence, inspirational leadership, conflict management, coach and mentor, and teamwork (Boyatzis et al., 2015; Boyatzis & Goleman, 2007).

The ESCI–U is made up of a multi-item scale employing a five-point Likert-type scale where 1 = Never, 2 = Rarely, 3 = Sometimes, 4 = Often, and 5 = Consistently. A high score in any of the competency clusters signifies a higher level of ESC in that category. The ESCI–U is a valid instrument as it (a) continues to be pertinent and acceptable to clients, researchers, and participants (face validity); (b) measures the behaviors it intends to measure (content validity); (c) correlates aptly with other comparable tests (construct validity); and (d) predicts anticipated performance outcomes (criterion validity; Passel, 2015). Previous research has established internal consistency reliability for the tool; the Cronbach's alpha for each subscale ranges from .77 to .89 (Chipumuro, Louw, & Radloff, 2016). The ESCI–U is often used in universities since it assists students with becoming more self-aware and engages learners via academic (e.g., advising and curriculum development) and nonacademic (e.g., personal development and social endeavors) pursuits (Passel, 2015).

Data Analysis

In order to model the change scores over the course of the term for the students taking the course in each cohort, a repeated measures analysis of covariance was conducted on each ESCI–U competency: emotional self-awareness, achievement orientation, adaptability, emotional self-control, positive outlook, empathy, organization awareness, conflict management, coach and mentor, influence, inspirational leadership, teamwork, systems thinking, and pattern recognition. Pre- and post-test scores were entered into the model as a within-subjects time factor and cohort as a between-subjects factor. Data assumptions were checked for normality and outliers using stem and leaf and Q-Q plots.Also examined were values of skewness and kurtosis on dependent variables. All values were within acceptable limits (skewness and kurtosis $-2 < 0 < 2$; Gravetter & Wallnau, 2014). Homogeneity of variance assumptions held across the cohorts in all instances except one—the post scores on the coach and mentor competency. This violation was not deemed to be of significant concern given there were no differences between the cohorts found on the competency changes, and the cohort comparisons were not a central component of the analysis. Four missing data points were eliminated using the listwise deletion method (pre- and post-assessments combined), which reduced the total sample size to 45 students across the three cohorts.

Results

Table 1 provides a description of the basic demographic characteristics of students in each of the cohorts.

Table 1: Demographic Characteristics of Study Sample

	Cohort 2014–2015 *n* (%)	**Cohort 2015–2016 *n* (%)**	**Cohort 2016–2017 *n* (%)**
Gender			
Male	1(6.7)	2 (14.3)	4 (20)
Female	14(93.3)	12 (85.7)	16 (80)
Race/Ethnicity[a]			
White	8 (53.3)	6 (42)	13 (65)
African American	3 (20)	2 (14.3)	3 (15)
Hispanic	0 (0)	2 (14.3)	1 (5)
Indian	2 (13.3)	2 (14.3)	2 (10)
Asian	2 (13.3)	2 (14.3)	1 (5)
Year			
Sophomore	6 (40)	5 (35.7)	5 (25)
Pre-Junior	1 (6.7)	0 (0)	0 (0)
Junior	3 (20)	2 (14.3)	7 (35)
Senior	5 (33.3)	7 (50)	8 (40)
Major			
Nursing	7 (46.7)	5 (35.7)	9 (45)
Behavioral Health Counseling	2 (13.3)	1 (7.1)	2 (10)
Nutrition	0 (0)	4 (28.7)	1 (5)
Public Health	0 (0)	0 (0)	2 (10)
Health Service Administration	1 (6.7)	3 (21.4)	4 (20)
Health Science	5 (33.3)	1 (7.1)	2 (10)

Note: N = 49; Some percentages do not add to 100 due to rounding.
[a] Participants self-identified into the race/ethnic categories shown here.

Table 2 provides a listing of the findings, specifically the means and standard deviations by cohort and overall for each subscale at both the baseline and the end of the course.

Table 2: Mean Scores on the ESCI–U Competencies Pre- and Post-Course and Results of Between-Within Repeated Measures Analysis of Variance

			***M* (*SD*)**				**Effect Size**
	Cohort	***N***	**Pre-**	**Post-**	***F*-test (*df*)**	***p*-value**	**(partial η^2)**
SELF-AWARENESS							
Emotional Self-Awareness	14–15	13	4.13 (.67)	4.20 (.66)			
	15–16	14	4.01 (.68)	4.35 (.65)			
	16–17	18	3.89 (.60)	4.04 (.49)			
	Total	45	4.00 (.64)	4.18 (.59)	*F*(1, 42) = 5.10	.029	.11
SELF-MANAGEMENT							
Achievement Orientation	14–15	13	3.95 (.55)	4.44 (.44)			
	15–16	14	4.43 (.55)	4.39 (.55)			
	16–17	18	4.11 (.44)	4.24 (.50)			
	Total	45	4.13 (.52)	4.34 (.50)	*F*(1, 42) = 8.38	.006	.17
Adaptability	14–15	13	3.85 (.39)	4.17 (.50)			
	15–16	14	4.04 (.42)	4.11 (.46)			
	16–17	18	4.04 (.53)	4.24 (.50)			
	Total	45	3.99 (.46)	4.18 (.48)	*F*(1, 42) = 5.17	.028	.11
Emotional Self-Control	14–15	13	3.94 (.76)	4.23 (.55)			
	15–16	14	3.57 (.51)	3.87 (.61)			
	16–17	18	4.03 (.55)	4.20 (.41)			
	Total	45	3.86 (.63)	4.11 (.53)	*F*(1, 42) = 8.54	.006	.17
Positive Outlook	14–15	13	3.91 (.63)	4.26 (.61)			
	15–16	14	4.04 (.39)	4.38 (.36)			
	16–17	18	4.19 (.53)	4.33 (.52)			
	Total	45	4.06 (.52)	4.33 (.50)	*F*(1, 42) = 25.08	<.001	.37
SOCIAL AWARENESS							
Empathy	14–15	13	3.91 (.64)	4.29 (.54)			
	15–16	14	4.05 (.68)	4.25 (.63)			
	16–17	18	4.11 (.55)	4.26 (.49)			
	Total	45	4.03 (.61)	4.26 (.54)	*F*(1, 42) = 8.33	.006	.17
Organizational Awareness	14–15	13	3.92 (.49)	4.22 (.47)			
	15–16	14	3.96 (.56)	4.21 (.59)			
	16–17	18	4.13 (.57)	4.21 (.51)			
	Total	45	4.02 (.54)	4.21 (.51)	*F*(1, 42) = 6.50	.015	.13
(Continued)							

RELATIONSHIP MANAGEMENT							
Conflict Management	14–15	13	3.59 (.65)	3.95 (.53)			
	15–16	14	4.07 (.61)	4.17 (.44)			
	16–17	18	3.87 (.59)	3.87 (.50)			
	Total	45	3.85 (.63)	3.99 (.50)	*F*(1, 42) = 3.61	.064	.08
Coach and Mentor	14–15	13	3.67 (.72)	4.18 (.65)			
	15–16	14	3.69 (.66)	3.84 (.86)			
	16–17	18	3.97 (.40)	4.01 (.50)			
	Total	45	3.80 (.59)	4.01 (.67)	*F*(1, 42) = 6.73	.013	.14
Influence	14–15	13	3.43 (.48)	3.92 (.60)			
	15–16	14	3.50 (.41)	3.75 (.54)			
	16–17	18	3.93 (.47)	4.13 (.54)			
	Total	45	3.65 (.50)	3.95 (.57)	*F*(1, 42) = 13.74	.001	.25
Inspirational Leadership	14–15	13	3.52 (.57)	3.97 (.72)			
	15–16	14	3.84 (.54)	4.14 (.47)			
	16–17	18	4.00 (.49)	4.13 (.53)			
	Total	45	3.81 (.56)	4.09 (.57)	*F*(1, 42) = 14.99	<.001	.26
Teamwork	14–15	13	4.18 (.53)	4.38 (.53)			
	15–16	14	4.31 (.29)	4.50 (.41)			
	16–17	18	4.49 (.38)	4.56 (.34)			
	Total	45	4.35 (.41)	4.49 (.42)	*F*(1, 42) = 5.46	.024	.12
COGNITIVE							
Systems Thinking	14–15	13	3.55 (.64)	3.94 (.38)			
	15–16	14	3.30 (.72)	3.71 (.79)			
	16–17	18	3.66 (.64)	3.94 (.68)			
	Total	45	3.52 (.67)	3.87 (.64)	*F*(1, 42) = 14.19	<.001	.25
Pattern Recognition	14–15	13	3.14 (.41)	3.75 (.48)			
	15–16	14	3.21 (.79)	3.71 (.85)			
	16–17	18	3.53 (.56)	3.81 (.72)			
	Total	45	3.32 (.62)	3.76 (.69)	*F*(1, 42) = 28.22	<.001	.40

Note: *N* = 49 (before listwise deletion due to missing data); ESCI–U = Emotional and Social Competence Inventory–University Edition

Results show statistically significant positive changes (i.e., moving in the direction of improvement), from baseline to post course on the two cognitive competencies (systems thinking and pattern recognition) and 11 of the 12 emotional competencies (emotional self-awareness, emotional self-control, adaptability, achievement orientation, positive outlook, empathy, organizational awareness, influence, inspirational leadership, coach and mentor, and teamwork). The effect sizes for the change scores varied from medium to large (η_p^2 range: .11–.40, see Table 2). The conflict management competency change was positive with marginal statistical significance, and the effect was small to medium in size ($\eta_p^2 = .08$).

Discussion

The purpose of this study was to examine pre-post changes in self-reported ratings of ESC among an interdisciplinary group of undergraduate pre-licensure students in the health professions and public health and the relevance of these findings to leadership development. ESC are important skills that contribute to a student's success in all aspects of his or her life (Carmichael et al., 2016; Shek & Ma, 2016). Findings from this study indicate that 13 out of 14 competencies measured were significant at the .05 level or lower for four of the five categories (self-awareness, self-management, social awareness, and the cognitive dimension*)* into which the competencies are grouped. The exception was conflict ($p = .064$), which falls under the relationship management category.

There is a dearth of research that examines pre-post scores of undergraduate students that use the ESCI–U. Specifically, Bellack et al. (2001) highlight a leadership program using this measure; however, no statistical data is provided regarding pre-post ESCI–U scores. Similarly, a different measure is used for emotional competence among undergraduate health professions students, making it challenging to compare outcomes (Carmichael et al., 2016; Romanelli et al., 2006). However, Sánchez-Núñez, Patti, and Holzer (2015) did find significance with leadership students' pre-post scores on the ESCI–U for 5 of the 12 competencies—organizational awareness, coach and mentor, influence, inspirational leadership, and teamwork—each of which demonstrated moderate to large effects. Sánchez-Núñez et al. did not measure the two cognitive competencies, systems thinking and pattern recognition. As an outcome for this study and the work of Sánchez-Núñez et al., both studies implemented leadership programs to support students' acquisition of leadership skills. In addition, students in both studies recognized the importance of these leadership competencies and perceived that they obtained higher capacity in these competencies at varying levels over time.

Health professions and public health students are often trained and gain experience in specific technical areas with little, if any, leadership training. Attaining leadership skills beyond an area of clinical expertise or general insights about how to provide care with improvement and maintenance of a person's overall well-being is insufficient. Intentional steps must be taken to prepare students for leadership capacities using action learning approaches that integrate a blend of strategies while incorporating the new understanding into routine practices and processes. Beyond learning new skills, students striving to enhance their leadership must develop a vision and be able to articulate it along with "his [or her] core values, his [or her] basic identity . . . one must first embark on the formidable journey of self-discovery in order to create a vision with authentic soul" (Daire et al., 2014, 7). Competencies that focus on knowledge, behavior, skills, attitudes, and values that underlie leadership actions are needed.

As noted in the ESCI–U, systems thinking and pattern recognition together provide students with: (a) a holistic lens for viewing the world, organizations, and how they see themselves within these spaces by organizing their knowledge as it relates to systems, systemic factors, and intersystem relationships; and (b) the ability to recognize multiple underlying relationships to help with understanding phenomena (Daire et al., 2014; McManus, 2014). *Social awareness* (focused on empathy and organizational awareness) and *relationship management* (focused on conflict management, coach and mentor, teamwork, influence, and inspirational leadership) fosters skills that enable students to enhance their capacity to network; develop trust; collaborate; inspire and motivate others; show empathy; mentor; and more effectively cope with conflict. Strengthening *self-awareness* (focused on emotional self-awareness) and *self-management* (focused on achievement orientation, adaptability, emotional self-control, and positive outlook) among students supports their ability to (a) understand and govern their own emotions and attitudes along with how they influence others; (b) distinguish their strengths and weaknesses and therefore address gaps and perform accordingly to meet expectations; and (c) embody inspiration and commitment with regard to one's chosen actions (Daire et al., 2014).

Learning about competencies and turning them into standard practices and processes is essential to best develop the leadership capabilities of students in the health professions and public health in order for them to successfully fulfill their roles. To accomplish this objective, faculty must be explicit in teaching them these competencies and be a model for students for how leadership development occurs via integration into one's personal identity. This is contingent on the extent to which students choose to practice and embody these skills into their daily life; cognitive proficiency alone in these competencies is not adequate. Through this journey, students' awareness building supports their development of ESC. Over time, leadership skills and knowledge are intricately unified with the development of students' self-concepts as leaders and their lived experiences. It is not acceptable to merely assume that students have adequate ESC or expect that they are aware of how to, for example, demonstrate emotional self-awareness and control, coach others, foster productive relationships, promote meaningful conversations, and form effective decisions that affect the health of populations (Sánchez-Núñez et al., 2015).

Despite the widespread perception of those in health professions and public health having caring personalities, there are uncomfortable conversations about culture and race combined with the need to understand the complex conversations about providing leadership. Taking in to account the aforementioned information topics covered in our leadership program, which can be emotionally challenging (e.g., critical consciousness with a lens toward racism; racial, ethnic, and cultural diversity; and inequities and social justice), students actively learned how to (a) reflect on and better understand why unwanted feelings surfaced and (b) manage feelings of discomfort in class. Another key goal was to learn how to work with others (from other disciplines and diverse cultural backgrounds) and mobilize efforts to address deep-seated problems and implement processes to overcome these societal challenges that adversely affect health outcomes. These action learning immersion experiences were supported through learning by doing, shared developmental activities, and collaborative learning exercises.

Limitations

This study had several limitations. There was no control group to provide a comparison for the effects of the nine-month leadership program. Therefore, it is difficult to determine if the leadership assessment score improvement should be attributed to the educational exposure in the program or the result of other factors (e.g., student maturity, exposure to other courses they received between the pre- and post-training evaluations, or student familiarity with the test when completing the post-assessment). Additionally, consideration must be given to the small sample size with three cohorts of students. Estimates of effect sizes, such as the partial eta squared reported here, are less robust on smaller samples and thus findings should only be considered preliminary. Planned studies that are appropriately powered and controlled are needed in future research incorporating this measure for understanding ESC development among pre-health professional and public health students. Nevertheless, in light of limited power, it is encouraging that time effects were detected on all of the underlying ESC skills except relationship management.

Conclusion

This research demonstrates that ESC education and training for undergraduate pre-licensure health professions and public health students can be effective in improving competencies directly related to leadership skills—systems thinking, pattern recognition, emotional self-awareness, emotional self-control, adaptability, achievement orientation, positive outlook, empathy, organizational awareness, influence, inspirational leadership, coach and mentor, and teamwork. These competencies are essential for future leadership opportunities, professional relationships, and continued success in our students' careers. Despite the limitation of not having a control group, the results are very encouraging. The ability of a health professions student to reflect on and better understand why unwanted feelings surfaced and manage feelings of discomfort in class as well as learn how to work with others is imperative in society today. Mastery of emotional intelligence can lead to a life of happiness as well as personal and professional success (Keyser, 2013). Providing this essential training on emotional intelligence at the undergraduate level should not just be an extra benefit, but instead should be a standard part of all undergraduate education.

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Empathy: The Key Ingredient for Better Leadership*

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This article describes the new emphasis that has been placed on the role of empathy in leadership. Research has begun to focus on how empathy makes an impact on business school training and the workplace. Goleman (1995) has fostered awareness of empathy as a key ingredient in leadership by linking emotional intelligence to empathy and to the development of soft skills. Business schools and organizations worldwide have begun to realize the power of empathy and have begun to incorporate empathic skills into their programs and workplaces. Further study is needed on empathy and empathic soft skills to ensure that these critical elements build a better future for all stakeholders.

Key words: business schools, empathic, empathy, leadership, soft skills

In a recent interview, Microsoft CEO Satya Nadella and former CEO Bill Gates explain how incorporating empathy into one's leadership style can enhance the performance of a company:

> Nadella: Being hard-core and driven is as essential today as it ever was. But there needs to be humility. The reason why I use the word *empathy* is because the business we are in is to meet the unmet, unarticulated needs of customers. That's what innovation is all about. And there's no way you're going to do that well without having empathy and curiosity.
>
> Gates: I've come to value empathy more over the course of my career. Early on we were speed nuts, staying all night [at the office, thinking], "Oh, you're five percent slower as a programmer? You don't belong here." It was very hard-core. Steve Jobs, the way he ran the Mac team, he was an extreme example of that where—wow, they got a lot done, but within a year nobody was there. I think as this industry has matured, so has what's expected of a CEO. Satya has a natural ability to work well with lots of people, to tell people they're wrong in a nice way and to let feedback come through to him more than I did. (Stevenson, 2017, paras. 5–6)

Nadella's and Gates's views support Goleman's (1995) linkage of emotional intelligence, leadership, and soft skills. When he was asked what leadership characteristics typically yield better business results, Goleman responded that

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"empathy and powerful communication, collaboration and teamwork all make for better business results" (Schwabel, 2014, para. 3).

On a broader scale, Kets de Vries (2016) echoes the call for empathy, citing de Waal (2009), who argues that empathy is the social glue that holds society together. Kets de Vries contends that "because it is an early and critical element of our human experience, it could be argued that to resist expressing empathy in organisations, is to deny a fundamental characteristic of what makes us human" (para. 12). According to Riess (2017):

> Empathy plays a critical interpersonal and societal role, enabling sharing of experiences, needs, and desires between individuals and providing an emotional bridge that promotes prosocial behavior. This capacity requires an exquisite interplay of neural networks and enables us to perceive the emotions of others, resonate with them emotionally and cognitively, to take in the perspective of others, and to distinguish between our own and others' emotions. (74)

Reviewing empathy itself and leadership reflecting empathy through economic and social lenses, this article will first set the stage by presenting the views of Goleman (1995, 1998) and Wheeler (2016) on empathy and its links to emotional intelligence and soft skills, which find realization in the concept of empathic leadership. It then discusses the development of soft skills in the United States and Europe and focuses on how business schools are teaching soft skills in the classroom. This article ends by providing a list of limitations and recommendations for future research.

Empathy, Emotional Intelligence, and Soft Skills

Goleman (1995) brought emotional intelligence (EI) to the forefront of the public arena. He argues that a person's ability to self-manage and to relate to others is more important than IQ or technical skills. Further, Goleman (1998) takes the position that the EI characteristic of an effective leader encompasses five soft skills enabling them to maximize their own and their followers' performances: empathy, motivation, self-awareness, self-regulation, and social skill. In essence, empathy is the ability to sense others' feelings and how they see things. It is a vital component of emotional intelligence, one of 12 emotional and social intelligence leadership competencies, and a leading influence in business and organization, especially in leadership (Goleman, 1995, 1998).

For Wheeler (2016), EI and soft skills are inextricably linked. "Emotional intelligence is the ability to sense, understand, and effectively apply the power and acumen of emotions as a source of human energy, information, and influence" (29). In fact, "a person who has a mastery of soft skills can be defined as being emotionally intelligent" (29). According to Wheeler:

> Soft skills are the skills that allow you to use your technical abilities and knowledge effectively in the workplace. They include personal, social, communication, and self-management behaviors. Attempts to define soft skills are all over the web, and they can vary widely. However, most would agree that soft skills include self-awareness, conscientiousness, adaptability, critical thinking, attitude, initiative, empathy, self-control, organizational awareness, leadership, time management, political savvy, likability, and persuasive ability. (29)

Toward a Consensus on Soft Skills

Goleman's (1995, 1998) and Wheeler's (2016) understanding of emotional intelligence and soft skills is not universally accepted. Kamenetz (2015) describes the wide range of meanings of competencies and soft skills held by academic, organizational, and other professionals. Soft skills have been variously understood as cognitive and noncognitive skills, interpersonal skills, life and career skills, people skills, skills for success, and social and emotional skills, thereby weakening their effect. Adding to this confusion, several practitioners have expanded Goleman's and Wheeler's list of skills to include eight competencies (see Table 1).

Table 1: Practitioners' Eight Competencies

Skill/Competencies	Author
Authenticity, emotional management, and self-insight	Bradford & Robin, 2004; Holt, Marques, Hu, & Wood, 2017
Capacity of experiencing and demonstrating empathy, compassion, and humility	LaBier, 2014; Marques, 2013
Collaboration, teamwork, and listening to other people	Holt & Marques, 2012; Holt et al., 2017
Encouragement of a culture of trust, openness, and cooperation	Bradford & Robin, 2004; Cinque, 2016
Focusing on relationships and understanding that leadership is not about oneself	Bradford & Robin, 2004; Holt et al., 2017
Integrity and ethical performance	Cinque, 2016; Marques, 2013
Intellectual curiosity	Holt & Marques, 2012; LaBier, 2014
Thinking that we are connected with each other and that societies have survived due to one's ability to feel for the other and to respond accordingly.	LaBier, 2014; Tzouramani, 2017

Furthermore, while some practitioners (e.g., Wilcox, 2017) primarily associate soft skills with EI, other practitioners (e.g., Cinque, 2016) contend that viewing soft skills like critical thinking or problem solving as emotional skills is debatable. Cinque (2016) adds that "EU countries have different methodologies and approaches to the teaching and assessment of soft skills . . . different ways of naming 'soft skills,' different definitions of them, different manners of classifying and clustering them" (389). Cinque has divided soft skills into six categories (see Table 2).

Table 2: Six Skills Categories

Skill Type	Examples
Basic/fundamental skills	Literacy, using numbers, using technology
Conceptual/thinking skills	Collecting and organizing information, problem-solving; systems thinking, thinking innovatively and creatively
People-related skills	Communication, interpersonal, teamwork, customer-service skills
Personal skills and attributes	Able to manage own time, flexible, having self-esteem, resourceful, responsible
Skills related to the business world	Enterprise and innovation skills, innovation
Skills related to the community	Civic and citizenship knowledge and skills

Adapted from "'Lost in Translation': Soft Skills Development in European Countries," by M. Cinque, 2016, *Tuning Journal for Higher Education, 3*(2), pp. 400–401.

In striving for consensus about the role of soft skills in the workplace, the Pew Research Center canvassed educational leaders, practitioners, scholars, strategic thinkers, and technologists and found that critical thinking, empathy, and "people skills" will play leading roles in the future (Rainie & Anderson, 2017). These findings emphasize the general recognition that human engagement plays a critical role in workplace success, highlighting empathy as an essential ingredient in enhancing people skills.

Training Empathic Leaders Through Soft Skills

Datar, Garvin, and Cullen (2010) note that although many top business schools seek to develop leaders as part of their academic experiences, their efforts may be falling a little short. Many business and management courses rely heavily on passive learning strategies (e.g., readings) to the detriment of other, more active instructional strategies (e.g., leadership skills or teamwork development). In fact, such courses compound their passive nature by focusing on theory rather than active instructional strategies (Bedwell, Fiore, & Salas, 2013).

Developing and implementing solutions to these problems has often been hampered by several factors. First, there is the complexity of dealing with damaging developments in the economy, such as the collapse of Enron and Lehman Brothers, the Madoff scandal, and corruption in corporate and political leadership (Holt et al., 2017). There is also continuing support for hard skilled, results-driven authoritarian leadership (Holt et al., 2017), as well as the difficulty of assessing soft skills (Gibb, 2014). Assessment requires theory development and a research agenda, which may be excessively challenging given the scarcity of soft skills assessment models and theoretical analyses of soft skills activities. There is also the lack of understanding, if not outright deprecation, of empathy and soft skills by many corporate leaders and business school leaders and their students (Marques, 2013). This is illustrated by the low rankings students give empathy in surveys on leadership qualities and the low regard many students have for "touchy-feely" courses. Finally, there is evidence of low empathy in many business school students. Research (Holt & Marques, 2012; Marques, 2013) has found that business school students are more self-interested, cheat more, and are less cooperative than students in other academic disciplines. Finance students, in particular, were found to be the least empathetic and most narcissistic. If these studies present accurate portrayals of the state of affairs about empathy, their results are indeed disturbing, since these students will bring these values into their professional careers and to society at large.

Despite Datar et al.'s (2010) pessimism, empathic skills have begun to take prominent places in business school curricula. Empathic skills include developing self-awareness; enhancing self-presentation techniques; helping students determine their leadership styles; promoting meditation techniques to relieve stress; and strengthening interpersonal skills by dealing respectfully and sensitively with subordinates and accepting criticism with grace (Bedwell et al., 2013; Holt et al., 2017; LaBier, 2014).

Some business schools have implemented soft-skill-building activities through workshops, the integration of soft skills into traditional courses, and optional and/or required soft-skills courses. Through active learning, students begin to understand and navigate the different personality characteristics of their classmates. They learn teamwork and other collaborative activities needed to be successful in the business world. In fact, Stanford University's Graduate School of Business offers an optional "Touchy Feely" course in which faculty teach students "how to give and receive constructive feedback and control emotional responses to conflict" (Korn & Light, 2011, para. 2).

Taking a slightly different approach, Bedwell et al. (2013) suggest integrating interpersonal skills (IPS) or "soft skills" into the business school MBA curriculum. They suggest that "the required building block of effective training" includes information, demonstration, practice, and feedback (IDPF). Learning objectives and instructional techniques lead to the acquisition of IDPF and include such instructional strategies as lectures, mock press conferences, film/video clips, and experiential exercises featuring teamwork, feedback, and evaluation.

Cinque (2016) describes a wide range of facilities and programs in Western European business schools, including career centers, business collaborations, joint programs, research centers, and university curricula. Instructional strategies at these schools fall into three categories:

- Active: brainstorming, business games, journeys, outdoor training, role play, and visits;
- Expository: conferences, demonstrations, lectures, mentoring, seminars, and simulations; and
- Guided: case studies, debates, discussions, project work, workshops, and coaching.

Some Australian business schools also offer innovative approaches to empathic leadership. For example, Monash Business School

> is using brain science and evidence-based research to create a platform that helps students develop and practice core leadership behaviors and apply them in their daily lives. Students at Monash devote 25% of their curriculum load each term to focus on their leadership development, such as self awareness, sense of identity and purpose, resilience/growth mindset, empathy, and mindfulness. . . . A great deal of the focus in Monash's Leadership and Personal Development program is on the fundamental skills, such as having good self-awareness, self management and empathy means that a student will have the foundations for having difficult conversations and making an inspirational presentation about a meaningful vision. (Andrews, 2016, para. 12)

The 2016 Empathy Index featured in the *Harvard Business Review* states, "Empathy, which is about understanding our emotional impact on others and making change as a result, is more important to a successful business than it has ever been, correlating to growth, productivity, and earnings per employee" (Parmar, 2016, para. 1). The index categorizes empathy into five areas: (a) ethics, (b) leadership, (c) company culture, (d) brand perception, and (e) public messaging through social media. The top 10 empathetic companies are Facebook, Alphabet (Google), Linkedin, Netflix, Unilever, Southwest Airlines, Microsoft, Whole Foods Market, Johnson & Johnson (J & J), and SAP SE (Parmar, 2016, para. 4).

Regarding the training of empathic business leaders, the *Financial Times Lexicon* provides a well-balanced insight:

> The empathic leader will try to understand why their customers want to buy into their brand, not simply in a soft, touchy-feely way but literally from their point of view—from standing in their shoes. This brings a powerful and compelling aspect to the design, build and delivery of any product or service, the holy grail of business success and one reason why some brands are market leaders, but most are not. ("Empathic leadership," n.d.)

According to LaBier (2014), "humble leaders who have increased self-awareness and insight experience greater commitment and performance from their employees" (para. 1). Sir Richard Branson founder of Virgin Group, also believes in empathic leadership, nothing that "companies that want to survive . . . are smart enough to know that caring and cooperation are key" (LaBier, 2014, para. 3). Branson has instilled a collaborative culture at Virgin in which employees are encouraged to challenge the status quo. As a result, employees feel respected and appreciated and develop loyalty and trust, which leads to positive company outcomes.

Wilson (2015) found that Asian, European, and American business executives need certain essential attributes to succeed in today's global economy. These include "adaptability, cultural competence (the capacity to think, act, and move across multiple borders), 360-degree thinking (holistic understanding, capable of recognizing patterns of problems and their solutions), intellectual curiosity, and, of course, empathy" (para. 3). Wilson contends that "empathy remains an emotional foundation—it's the 'attribute-prime' of successful leaders" (para. 15).

Limitations and Suggestions for Future Research

This article focuses on empathic soft skills and the empathic skills training in business schools. The linkages among empathy, emotional intelligence, and soft skills have not been included in this article as the literature on the subject is scarce. It is strongly recommended that this area of inquiry be investigated in the future. A second limitation of this article is its primary focus on business school education. Future investigation should address ways to enhance the soft skills of the general workforce, perhaps in sectors such as government and education. A third limitation is the lack of analyses of the different social skills needed in different work situations and in different countries. Further, this article has not differentiated between the various labels for soft skills (e.g., basic, life, people, or social skills; competencies) or whether "soft skills" should include cognitive skills. Finally, there is a strong need to collect hard data and analyze the efficacy of soft-skills training to determine assessment, reinforcement, and implementation success.

Questions that need investigation include how empathic skills training can be implemented to meet the needs of the increasingly digital world and how researchers can assess proficiency in soft skills to enhance training and evaluation. Comparing differing cultural perceptions (e.g., ethnic, racial, or national groups) so that appropriate training can be developed could be especially enlightening and helpful for educators and business organizations as would ways to investigate how to increase integration of soft skills into their business curricula and programs, while continuing to provide the necessary hard skills training. In fact, Roll (2017) notes a growing concern for the future of business schools as they are currently structured. New changes in the MBA marketplace suggest that business school programs need revamping, possibly in favor of "shorter, more specialized programs," if they are to meet the "changing needs of students and employers."

Conclusion

Many researchers and practitioners believe that training empathic business leaders and supporting empathic leadership is essential for future business success. Nicks (2016) describes how companies are increasingly promoting empathy training for managers, viewing empathy as instrumental in enhancing the effectiveness of their leaders and workforce, and ultimately, leading to better products and services. Moreover, some researchers (e.g., Riess, 2017; Tzouramani, 2017) contend that enhancing empathic skills will create a better world. Tzouramani (2017), for example, believes that society depends on our ability to create such communicative and emotional bonds, while Riess (2017) feels that "working to enhance our native capacities to empathize is critical to strengthening individual, community, national, and international bonds" (76). In conclusion, Nadella's words on empathy can be extended beyond the business world. Rather than just speaking of meeting the unmet, unarticulated needs of business customers, we should meet the unmet, unarticulated needs of the future and realize "there's no way you're going to do that well without having empathy and curiosity" (Stevenson, 2017, para. 5).

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Awakening the Leader in All of Us: Development of an Inclusive Leadership and Professional Development Program*

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This article documents the development of a comprehensive leadership and professional development program for all students within a large undergraduate business program at an American university. It articulates the process and challenges faced, as well as identifies future directions for continuous improvement. Perspectives of success from various stakeholder groups are discussed and, in addition, we provide five best practices that were observed along the way. The process involved significant collaboration with faculty, students, and local business leaders and a willingness to make bold changes with a "fail fast and fix it" mantra. Our efforts resulted in the creation of one of the largest and most comprehensive undergraduate leadership programs. The Leadership and Professional Development program was designed specifically to meet the needs of our students and areas we serve. The program is dynamic in nature, and we continue to make improvements to address stakeholder needs.

Key words: leadership, leadership curriculum, professional development, undergraduate business education

Changes in academic programs are never easy. However, in 2007, after listening to our alumni, regional business leaders, and our Business Advisory Council (BAC), it was evident that change was needed in our large undergraduate business program at a rural university of over 29,000 students in the Southeastern United States. A consistent picture had begun to emerge. It was a picture of the typical, recently graduated business student who was somewhat unprepared to enter the current workforce. The recent graduates did not lack in technical expertise; on the contrary, they were skilled in their major areas. They were well-versed in business terminology, and their knowledge of theory in their chosen major was more than adequate. There was, however, a "failure to launch" scenario that seemed to play out based on a dearth of skills involving initiative, decision making, and leadership. More specifically, our students were described

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as having the knowledge to succeed, but lacking the confidence to apply their knowledge without direction or guidance. Employers and BAC members noted that we needed to increase the students' ability to work through conflict in teams, communicate professionally in different business settings, and recognize how their strengths could be used in critical thinking and decision making.

A review of the literature revealed that we were not alone. The 2005 Skills Gap Report (Eisen, Jasinowski & Kleinert, 2005) notes that across manufacturing industries, the recent workforce lacked basic employment skills related to work ethic, decision making, and communication, which had a negative impact on manufacturing organizations' ability to meet the current schedule of customer demand. Similarly, Ncube and Washburn (2006) explain the need to teach a process for ethical decision making in organizations, noting that a framework is needed to promote critical and evaluative thought in the decision-making process. These findings were echoed in Arum and Roksa's 2011 book, *Academically Adrift: Limited Learning on College Campuses*. Interestingly, Arum and Roska found that although a significant portion of students were not learning the critical thinking and reasoning skills that they should, the lack of learning may be attributed to several reasons. They noted that professors have many responsibilities and often, the most rewarded responsibility is research, not teaching. In addition, seemingly ubiquitous budget cuts have resulted in changes on American college campuses that do not always benefit student engagement and learning. Often, colleges have increased class sizes and the use of graduate assistants to teach courses rather than more experienced, but more expensive, faculty members (Fichtenbaum, 2017; Pope, 2007). Although it is clear that students are not learning and developing the foundational skills they needed to become successful leaders, Greenwald (2010) explains that students have sensed the need to develop leadership-related skills and are gravitating toward universities that offer a focus on leadership.

More recent evidence from the Council for Aid to Education (2014) in their Collegiate Learning Assessment Plus (CLA+), National Results report for 2013–2014 and a report from Hart Research Associates (2015) echo the all-too-familiar findings that a large portion of students are still graduating with a disconnect between the skills they have and the generalized skills organizations need. These much-needed skills are useful to all majors and are not industry specific. They include working well in teams, critical thinking, awareness and respect for diversity, problem solving, and written communication skills.

Our own anecdotal evidence echoed the findings of others and led us to believe that students want and need additional instruction in the ability to articulate and sell their vision. In a group setting, there was also a gap in students' abilities to organize and motivate other team members as well as hold them accountable—they were unable to fully apply the leadership skills they may have learned.

Traditionally, colleges and universities have taught courses as a compilation of separate, finite courses (Doria, Rozanski, & Cohen, 2003; Jauch et al., 2000; Walker & Black, 2000). This separation led to a silo effect, which Jauch et al., (2000) also refers to as a mind dump or compartmentalization. Teaching courses as distinct and separate learning opportunities has, over time, resulted in disjointed outcomes. Similar to the findings of Tuleja and Greenhalgh (2008), we further witnessed that our students needed to improve their leadership and communication skills to help them be successful in their future careers.

We had been teaching our courses, as most universities had, as separate courses without any common theme related to the profession of business. Also, we were teaching leadership from the historical and theoretical perspective, rather than through applied leadership. Students were exposed to some form of leadership theory through an organizational behavior class or a management class, and if they were interested, they could enroll in an elective course on the theories of leadership. While we firmly believe in the value of leadership study from a historical and theoretical perspective, in the absence of experiential learning, it is similar to believing that you can ride a bicycle because you have read a book and attended a class where bicycle riding was discussed.

In addition, other issues involving how we taught leadership surfaced that conflicted with our understanding of leaders and how best to teach leadership.

Two primary issues surfaced. One issue involved who was teaching leadership, and the second issue involved how we were teaching leadership. Although we were quite pleased with our faculty and their accomplishments, we recognized that over time, faculty, in general, have become rooted in the academic world. As Bennis and O'Toole (2005) note, "today it is possible to find tenured professors of management who have never set foot inside a real business, except as customers" (101). However, students espouse the benefits of having business professionals teach courses, noting that seasoned executives are exceptionally skilled and have great wisdom (Burnsed, 2011). Executives who serve as business professors offer students a different perspective on leadership and can encourage active discussions of personal successes and failures in class (Zlomek, 2011). In addition, leadership was being taught, in part, by studying great leaders. Presidents, industry leaders, and historical figures were often used as examples of leadership prowess. We sensed that this might create a potential disconnect as students looked inward and compared themselves to larger-than-life, fabled leaders. However, every graduate will lead someone sometime, regardless of their area of study. Leadership is not reserved solely for presidents and CEOs; everyone will have an opportunity to lead. It was unclear that our graduates would be ready when called upon.

When addressing our curriculum, we chose to focus on the more likely scenarios in which people are called on to lead their family, their church group, or other employees at work. Regardless of the title or the number of people being led, many leadership skills are similar. Although we had an understanding of what we wanted to accomplish, we were not sure what the end product would be. After all, we were going to radically redesign the College of Business (COB) experience for thousands of students, and we had to convince the faculty as well. While we were not entirely sure of what we needed to do, based on our assessment of our programs and students and a desire to continually improve, we knew we had to do something.

While we were not experts in experiential learning theory, we realized that the key to success would be that students would "experience" the leadership process. Students could not simply sit and listen to lectures and then take multiple-choice exams. They would need to be actively engaged in the learning process. They would need to actually “do things” to experience both success and failure and learn throughout the process. Individual effort was required to make an impact and address the issues we had identified. Experiential learning would be key to students graduating with the leadership abilities we envisioned.

Experiential Learning

Throughout the development of the program, we placed a high value on actively engaging students in the learning process. We emphasized that the program needed to draw heavily on experiential learning opportunities. We also emphasized the six propositions of experiential learning theory (Kolb & Kolb, 2005):

- Learning is a process.
- Learning is relearning.
- Learning requires resolving conflicts through reflection, action, feeling, and thinking.
- Learning is a holistic process of adaptation.
- Learning results from synergy between the person and their environment.
- Learning is a process of creating knowledge.

We would need to take a program-level approach and not simply focus on individual courses. Each course could not be a silo and needed to be a part of the whole. The theory, knowledge, and application in each course would need to be woven throughout the entire curriculum. Subsequent courses would expand upon knowledge gained in previous courses. Students would have to reflect upon previous lessons and continue to develop their understanding of what it means to be a successful leader. The program would need to encourage students to assess their successes and failures, reflect upon their learning, and adapt to different situations. In the end, it would be the process, not a lecture or exam, that would enhance their leadership knowledge. We also actively engaged the four learning modes: concrete experience, abstract conceptualization, reflective observation, and active experimentation (Corbett, 2005; Kolb & Kolb, 2005) shown in Figure 2.

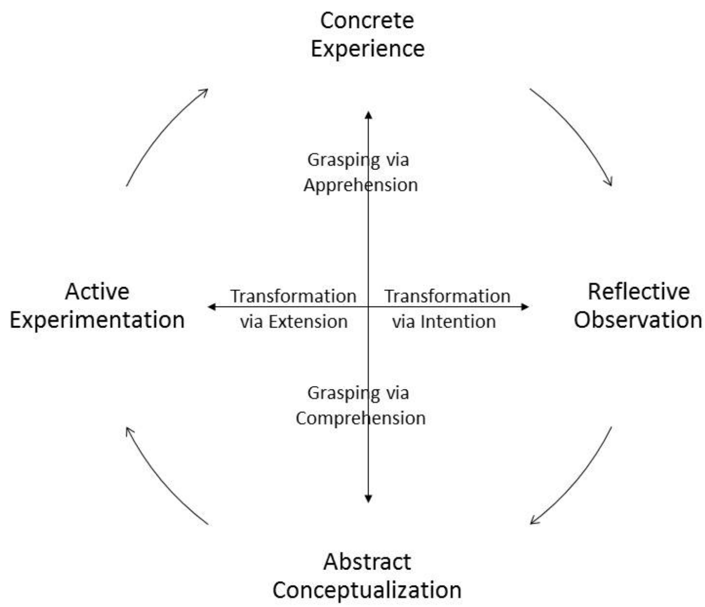

Figure 1. Experiential learning model. Adapted from “Experiential Learning Within the Process of Opportunity Identification and Exploitation” by A. C. Corbett, 2005, *Entrepreneurship Theory & Practice, 29*(4), p. 480.

As we approached the process of redesigning the curriculum, we knew we wanted students to have real-world experiences such as giving business presentations in front of actual businesspeople, leading work teams, experiencing the interview process, and participating in formal business networking events, as well as engaging directly with business leaders in order to develop their professional networks. Throughout the program, we wanted them to introspectively reflect on their personalities and their individual strengths and weaknesses. The goal of these reflective activities would be to actively engage them in defining their personal values and leadership philosophy. Students would actively participate in the critical-thinking process by using different decision-making models to help refine their own decision-making process. We also needed to make sure that special emphasis was placed on appreciating diversity and different cultural values. In order to achieve these objectives, students would need to be involved in active experimentation. Activities would need to include leading teams as well as being a follower. Students would need to engage in awkward or difficult situations that enable them to experience success and apply what they have learned through failure.

Process

Through our ongoing assessment and continuous improvement efforts, we realized we needed to differentiate ourselves from other business schools, and there were opportunities for the COB to offer something that uniquely addressed our students' needs. The administration, along with the faculty-driven BAC, brainstormed for ideas that could fit and identified seven ideas that warranted additional investigation. Each idea was assigned to ad-hoc faculty-driven subcommittees with the charge of producing a model that would be uniquely us. More than 35 faculty members participated in the process and were deeply committed to the topics they were asked to investigate. At the end of the process, it was determined that some of the ideas were too complex or lacked adequate funding to undertake at this time. But, the skeleton of a comprehensive leadership program emerged. The COB leaders then embarked on a fact-finding mission to see what other business schools were doing. It was quickly noticed that other business schools viewed leadership as something reserved for special individuals: the brightest, most talented, and motivated students. However, many faculty were convinced that one could never tell how a student would respond once given the opportunity. Some students with excellent GPAs went on to have lackluster careers; others who seemed to struggle found their stride and went on to do great things.

As the plan developed, there were those who were skeptical. These skeptics were put on committees so that their skepticism could push the committees to find better solutions. Three, and eventually four, of these ad-hoc committees led the way.

Committee 1: Four-Year Program

Traditionally, the undergraduate business program had been a two-year program with many students not actively getting involved in the COB until late in their junior or early in their senior years. This did not give the faculty enough time to develop students. This committee examined the pros and cons of such a change and eventually recommended changing to a four-year program.

Committee 2: Strategy First

Realizing that students often think in silos, a strategic management professor suggested that strategy should be the first class students take. However, first-year students do not have all the knowledge needed to address business issues. So, a first-year course was developed, taught by experienced, professionally qualified faculty, that uses *BusinessWeek* as the textbook. This class exposed students to the basics of business and helped them see issues as “business” issues, not discipline-specific issues as addressed in the remaining curriculum. One of the main goals was to not only introduce concepts, but to begin to show students how the different disciplines are related and that decisions in one area would certainly impact other areas.

Committee 3: Leadership

This committee explored adding leadership and professional development to the curriculum. The addition of a leadership and professional development program would enable the COB to address the aforementioned learning deficits with all business students regardless of major. One aspect of the program that emerged as a separate issue and resulted in an additional committee was the portfolio. The portfolio was created as an external repository for the storage and sharing of leadership and applied experiences.

Committee 4: Portfolio

Demonstrating competency became a recurring theme, and the BAC underscored its need by saying “in the future, students won’t just tell us what they know; they will show us.” Demonstrating capacity for leadership and producing a portfolio of accomplishments seemed to be beneficial for both our students/graduates and the hiring community. Students would have the benefit of engaging in and recording reflective and practical leadership activities, and the hiring community would be able to clearly see their different skills and abilities.

The portfolio was a comprehensive and dynamic file that contained past examples of a student's academic work, interpersonal reflections, information on volunteer service learning projects, and several other reports specific to a student that would help tell his or her evolutionary leadership experience. Each academic year had specific goals and requirements that the students would need to accomplish in order to move on to the next leadership class.

Practice

Others may benefit from our experience, successes, and mistakes. It may also help to describe our school setting, as our actions and results may not be representative of outcomes associated with significantly different schools. Our College of Business serves approximately 3,700 undergraduate students in a large southeastern rural university of over 29,000 students. Many of our students are first-generation college students. In addition, many come from small rural communities with little exposure to the professional environments of larger cities. Our program was designed to help students increase their understanding and awareness of professional business behavior and norms as well as assist them in developing their leadership acumen. Other programs should tailor their curriculum to address their unique situations.

Move to a Four-Year Program

Traditionally, our program was a two-year program in which students took initial coursework, achieved an acceptable GPA, and then declared as a business major. There were, however, many students who were not able to declare their major until their senior year. From a holistic point of view, this was challenging because students were developing habits that were not consistent with business professionalism. One or even two years were not enough time to correct this.

The move from a two-year program to a four-year program seemed simple at first, but the processes had been institutionalized, and there were many things in place, for good reasons, that needed to be changed. Faculty, working with professional advisors and administration, started by changing the catalog requirements and adjusting resources accordingly.

Development of New Courses

Initially, we investigated adding content to existing courses. However, as we identified topics that needed to be covered, it was evident that this strategy would not work. So we created four courses, realizing from the start that these would not be typical "academic" courses. They would be more applied in style. While traditional, academically qualified (PhD) faculty could teach the courses, the more appropriate faculty would be professionally qualified (MBA with significant business experience). There would be value in the war stories that would tie the course content directly to real-world examples.

The first course, Strategy First, is designed to immerse college freshmen into the world of business. Many students believe they want to pursue an education in the COB, but they are unsure of what that might entail. Strategy First takes a unique approach to teaching students about business by using the periodical *BusinessWeek*. This unique approach enables a professor to teach the students about the many facets of business—such as accounting, finance, marketing, management, and other topics—by using current up to the week information. Here, students learn to think critically. They begin to develop a vocabulary of business terms and understand how different areas of business are interrelated.

The students also benefit from the ability to monitor, discuss, and predict current, real-world events as they unfold. Using a current weekly periodical has increased our students' knowledge of current events, and the faculty can refer to different articles that may be more relevant or appealing to the different course sections. This course alone has single-handedly pushed our students to increase their working knowledge of the current business environment and helped them determine their future areas of interest.

Other course topics include discussions about accountability and responsibility. Students quickly begin to understand the importance of accountability and achievement as they begin to work on one of the most important documents they will create while they are in the COB, their résumé. They will continue to work on their résumé throughout their time in the COB.

The second course, Experiential Leadership: Teams in Action, is designed to focus on interpersonal knowledge, teamwork, and diversity. It is not a theory course. The purpose of the readings and assessments is to provide a shared base of knowledge from which to work. It is also not a lecture course; it is an applied course in which students learn to appreciate and respect how the people we work with and serve are different. It provides students with reflective, interpersonal, and team skills that can be used today, throughout their college career, and into their professional life.

Initially, the course contained both traditional class time and a separate lab component run by graduate students who introduced experiential exercises to the students. Over time, we found this to be too cumbersome and that our students were not used to, or very accepting of, the lab section taught by graduate students. The additional administrative duties associated with the graduate student instructors did not seem worth the benefit we received from using them in the labs. In fact, we and the students experienced a fair bit of frustration with the varying levels of performance between the graduate student instructors, so we eventually decided to remove the lab and move the experiential exercises to the classroom.

Both inside and outside of class, students develop skills with their team as they complete different projects and learning exercises. All students are given the opportunity to lead their team at different times during the semester. Individually and together, the teams explore the challenges and issues that teams face during the stages of team development and as they work on their team projects. The challenges the teams face along the way are used as learning points and examples as the students develop and grow. The course culminates with the team presentations, which provide an overview of the service projects their teams completed as part of the course requirements. The project not only serves as a useful tool in which students experience the challenges, rewards, and frustrations of working with and leading a team, it also provides students the opportunity to serve their community and experience the joy of helping others.

The third course, Professional Development and Ethical Leadership, exposes students to the importance of networking and professional behavior. Students study different business cultures and norms, and they continue to develop their résumé, which focuses on presenting an "argument for me." Students discuss the importance of business etiquette and networking and participate in a number of activities to help hone their skills. Two such activities are the practice interview and the business dinner.

Students participate in a practice interview with a business professional from the local community to receive feedback and develop their interviewing skills. In addition, they attend a large reception and business dinner that affords them the opportunity to practice their social and etiquette skills in a realistic scenario. The instructors for this course are Emily Post Institute-trained business etiquette consultants. The students frequently talk about how helpful the etiquette instruction and practice has been to them as they begin their job search. This industry-recognized, *Train the Trainer* credential reinforces the validity of the experiences and makes sure that all students are taught in a consistent manner with a consistent message.

Finally, students are challenged to develop an ePortfolio. The ePortfolio serves as an online presence that represents the individual student's professional and personal persona. Students are encouraged to include information that will represent their professional achievements as well as their individual values and beliefs. Developing the ePortfolio gives students an opportunity to engage in reflective thought as they decide what they would like to include to help represent them digitally. It is more than an opportunity to develop their résumé; it challenges students to decide how they would like to represent themselves digitally in the professional environment.

Over time, faculty realized that much of what was being accomplished in the portfolio could also be accomplished via LinkedIn. In the early stages of the ePortfolio, students were charged with creating their own web page to serve as the foundation of their ePortfolio. We eventually concluded that we did not want to focus on teaching students to develop their own web pages. Although we recognized that this skill was of interest to most of the students, we believed that they would be better served professionally by using a more generally recognized, standardized, and accepted format, and we settled on LinkedIn.

Finally, the fourth course, Leadership Capstone, initially challenged the students to reflect on their experiences and take the skills they had acquired and apply them to a challenging business case. Students were randomly assigned to a small team to resolve a current business case with an ethical dilemma. The project was designed to provide the students with a realistic challenge of working with a diverse team to resolve a complicated business case. The project demanded that students exercise critical thinking and consider the impact their decisions would have on the organization's stakeholders. The students then presented their findings to a panel of business leaders and faculty. Case findings and recommendations were presented in a conference room as if the teams were advising an executive board on how to proceed. The students were assessed on their presentation skills, their ability to identify critical issues in the case, and their ability to compare alternative solutions and probable outcomes.

Although the presentations and solutions to the cases seemed to improve with each semester, the capstone course was not delivering the experience that we had hoped. Too often, work was not divided equally among the team members, and we were aware of social loafing issues (exerting less effort when they work in a group than when they work alone) in several of the teams. Members of the leadership program team met with local business leaders and top-level college administrators to determine how we could improve the course.

We ultimately decided to change the capstone course to a leadership speaker series that would include hosting five to six local and regional business leaders to discuss their business and leadership experiences with the capstone classes.

The course focuses on five different leadership behaviors—self-knowledge, empathy, competence, commitment, and integrity—from Astin and Astin's 2000 book, *Leadership Reconsidered: Engaging Higher Education in Social Change.* Each speaker is asked to highlight some of the challenges they have encountered in their career as they relate to one or more of the five leadership behaviors. Following the presentations and discussions with the leaders, students prepare a point paper to present to the class that covers what they learned, and students are randomly chosen throughout the semester to present their papers to the class.

In addition, we have partnered with BB&T, a financial service holding company with more than 2,100 bank branches in 15 states and Washington, D.C., to include content from their Emerging Leaders Program. This has necessitated reducing the number of speakers but provides the students with an opportunity to interact with an industry-based leadership development program. The BB&T program is based in part on their proprietary leadership model that focuses on positive leadership. It is an introspective model that requires students to reflect on their personal strengths and weaknesses.

This corporate training experience provides a different perspective than the traditional classroom-based, teacher-led activities. The BB&T facilitators work with COB faculty to make sure that the BB&T and COB curricula are aligned to provide a consistent message. As is often the case, the students perceive the corporate trainers as experts beyond the expertise they attribute to faculty. This external reinforcement further solidifies their leadership learning.

We have found that the students are much more engaged on an individual level and that they enjoy the opportunity to meet with and discuss leadership with the different area leaders and the BB&T corporate trainers. These conversations have also grown into informal networking events for the students, and several relationships and job offers have resulted from the meetings.

Proof

Student, parent, employer, and faculty feedback has been excellent. One parent with two daughters, one at our college and one at a prestigious private institution, took the time to write a letter to the dean comparing how her daughters had been prepared to face the real world. The mother found it hard to believe that the daughter who attended a public institution was much more prepared and equipped to be successful. Employers have had similar reactions. One national accounting firm was shocked when they realized the percentage of our students they had invited in for interviews. They commented that our students had always been good at accounting basics, but now they were much better at articulating and addressing their readiness to advance to the next stage of their careers. The use of a common language has made reinforcement clearer, and faculty are able to focus more on course content and spend less time working with students in the areas of fundamental leadership and the basics of employee and organization engagement.

In addition to the general impressions of success we noted from parents, faculty, and employers, we surveyed students at the start of the first course in the series, Strategy First (1200), and students in the last week of the final capstone course (4200). We received 545 completed surveys from 353 Strategy First students and 192 capstone course students. The survey was designed to assess the students' perceptions of their abilities surrounding team-related knowledge, communication, and knowledge of their strengths and abilities in critical thinking and decision making. Students assessed themselves on a Likert-type scale of 1 to 5, where 1 = strongly agree, 2 = agree, 3 = neither agree nor disagree, 4 = Somewhat disagree, and 5 = strongly disagree. A list of the questions used to assess the different programmatic learning goals, means, standard deviations, and the results of the *t*-tests can be found in Table 1 on the next page.

Table 1: Survey Questions and Analysis (N = 545)

Team Questions	**Course**	***n***	***M***	***SD***	***t***	***df***	***p***
I understand the team development process and am able to tell what stage my team is in.	1200 4200	353 192	2.05 1.32	.985 .532	9.44	543	.000
I have a clear understanding of my strengths and weaknesses through introspection and self-assessment.	1200 4200	353 192	1.73 1.32	.774 .499	6.72	543	.000
I am able to identify positive and negative conflict and understand how task-related conflict is beneficial to decision making.	1200 4200	353 192	1.64 1.26	.756 .474	6.32	543	.000
I understand and appreciate the value of diversity and personal values in the workplace.	1200 4200	353 192	1.43 1.23	.683 .534	3.40	543	.001
Communication Questions							
I am confident in my ability to communicate business concepts effectively and professionally.	1200 4200	353 192	2.08 1.51	.960 .579	7.61	543	.000
I am confident in my ability to use proper business etiquette in networking situations.	1200 4200	353 192	1.76 1.28	.839 .503	7.34	543	.000
I am confident in my ability to make a professional business presentation to a diverse audience.	1200 4200	353 192	2.18 1.63	1.104 .795	6.14	543	.000
Strengths/Thinking/ Decision-Making Questions							
I have an understanding of my core values and how they may be different from other's beliefs.	1200 4200	353 192	1.32 1.15	.566 .387	3.69	543	.000
I know my leadership strengths and weaknesses.	1200 4200	353 192	1.70 1.34	.766 .565	5.69	543	.000
I am confident in my ability to recognize ethical dilemmas and use critical thinking to resolve the issue ethically.	1200 4200	353 192	1.80 1.31	.822 .518	7.47	543	.000
I am able to develop and articulate recommendations for leadership actions in different organizational settings.	1200 4200	353 192	1.93 1.45	.855 .567	7.09	543	.000

Independent-sample *t*-tests were conducted to compare differences in students' perceptions at the beginning of the program with those in the final stages. The differences in mean scores between the two groups were significant and in the desired direction for all reported variables, showing that the students were more confident in their abilities at the end of the program.

Student Comments

In addition to the team questions, students were also asked for written feedback on the program. Periodically, with the intent of continuous improvement, faculty solicited student feedback through the use of anonymous and confidential surveys. Students were asked specific questions about the program content and faculty and also given the opportunity to provide open-ended comments.

1200: Strategy First

> This class was fantastic. I would encourage every student to take (Professor's Name). I had the class at 8:00 AM, and I didn't miss a class; he made me want to come to class. We talked about current events, and then he related them to real-world experiences. His knowledge of the business world made the class even better. I would retake this class in a heartbeat because it is forever changing but the information is so valuable.
>
> This course teaches students about concepts that will be vital for those who choose a career in business. The information it provides on gathering financial information from articles is very enlightening, and the presentation allows students to learn about their personal strengths and flaws when giving presentations.
>
> The Leadership and Professional Development Program helped me learn [from the] beginning in BUSI 1200. Getting my feet wet in the business world and [learning] how different organizations were run as well as how certain individuals make big decisions for their respective companies was big. It [emphasized] . . . the importance of being dynamic, unique, and setting myself apart from others. No other classes really touched on this. Being in business isn't always about being great . . . academically, it's about mastering small talk, understanding industries, and how to analyze business situations. BUSI 1200 turned me onto this and really got the gears moving in my head of what was important.

2200: Experiential Leadership: Teams in Action

> I think that one of the strongest parts of this entire course was the service project. The service project taught me about the dynamics within a team in which we weren't allowed to pick the people we were with. This also taught me about the coordination of events between people and organizations. I also learned a lot about myself and how I interact with other people through working with this team. . . . I think this is exposing me to something [that] has a high likelihood of happening in the real world, and I am appreciative of having been

exposed to it in this class as somewhat of a "trial," [rather] than experiencing it in the real world and being filled with grief.

This course really helped me grow as a team member. I feel in future group projects I will be able to work as an integral member due to the skills I learned in this class.

This course strengthens leadership capacity and teamwork skills through actual experiences instead of just being lectured on the topics.

3200: Professional Development and Ethical Leadership

This course definitely provides students with the necessary tools and skills needed in the business field. From practice interviews to practice etiquette dinners, there is so much to take away from the course that can be applied to life post-graduation.

Strengths of the course: Everything. It teaches you things you actually need in the real world and helped me land an internship. This is by far the most important and best class at [the university].

You learn a lot about things that will help you get a job, which is really important at this point in my college career. Every single thing I learned in this class was important to me.

4200: Leadership Capstone

I very much enjoyed the structure of this course. For many of us, it was a last prep for the real world and gave us great tools to use. Having a practice and final presentation was helpful in that we were able to correct our content and our style of presenting for the final. I appreciate that the presentations were recorded. I never knew how I looked and sounded to others. Thank you, College of Business, for such a wonderful mode of preparation.

I feel the strength of this course [is] learning about leadership roles from actual leader experiences. We listen to speakers talk about their experiences and then discuss what made them the successful leaders they are today.

This course provides great insight for graduating seniors on leadership and leadership qualities that are important to being successful in a leadership role. [It's a] great transition into graduate school or the workforce.

Overall Business Program

I've noticed the lessons I learned about leadership and all the other lessons from the [Leadership and Professional Development Program] have sometimes put me a leg up on some of my older coworkers. I could not be more thankful for having been exposed to what I was during my time in the COB and directly

> credit it with my success professionally and . . . how [I] deal with the tough times as well.

Best Practices

Looking back on the program and what has helped it become successful has enabled us to see things that may not have been as apparent at the time. We have identified five best practices that ultimately helped us shape and mold the Leadership and Professional Development Program into the popular and well-received program that it has become. Again, although these practices may not have been identified early on in our process, they have made a significant, positive difference in the time it has taken to realize our vision and the impact the program has had on our students and the business community.

Make It Unique

We started this journey by examining what other universities across the nation were doing. We saw the value in other programs, but we wanted something different, something more comprehensive. We looked for solutions that were consistent with our DNA. Also, we made sure that we kept a focus on continuing to provide excellent fundamentals. In addition, we solicited feedback from our local and regional business community to better understand what needs we could focus on to best prepare our students for the needs of the present business world. This assured faculty that our leadership program would not degrade our current academic programs and would provide unique value to our students.

Inclusivity

Inclusivity became one of the greatest strengths of our program, which was focused on including and actively consulting with three distinct groups: the faculty, the business community, and the students. More than 50% of the faculty participated in the development process. That is significant considering the size of our faculty (over 100). It was not just administrators leading the groups; in fact, most groups were led by faculty members. However, they led with the confidence that they had strong administrative support.

In addition, although much of the faculty wanted the program to be developed in large by the Department of Management, we chose to include faculty members from across all five departments in the college. At first, faculty members from accounting and finance did not embrace their part in helping to develop the program, as they saw their role in the college to teach their specific discipline. Winning them over took time, but continuing to involve them in the development process enabled them to see the changes both in the program and in our students. They were impressed when the students and business community espoused the benefits of the program. Early in the program, the large accounting firms that traveled to interview our students noticed a positive change in our students' abilities, and the number of interviews and job offers increased significantly.

The community was quite interested in the program from the start, as they recognized the need perhaps before we did. When the program was presented to the BAC, we received a round of applause and asked what took us so long. We needed the community to be involved to help us better understand the needs of the business community and where our program succeeded and failed. We could not simply ask for their help without selling them on our vision. They, too, needed to believe in the program, and once they trusted us to listen to their needs and suggestions, their willingness to participate increased dramatically. We knew we would need their participation with the practice interviews and the etiquette dinners, and involving them in the process gave them a front row seat for observing how the program benefited our students even before they entered the job market.

Finally, the students needed their voices to be heard. If they did not believe in and see the value of the program, then they would not take the program seriously. We learned this quickly with the ePortfolio. It quickly became a checklist and a barrier that students strongly resisted. We also had issues with the experiential labs and the capstone course as a whole. We knew we needed to make changes and through anonymous surveys and candid discussions with our students, we were able to quickly identify and work to resolve issues. This led to our next best practice.

Making Mistakes Is Important

Several of the ideas we tried were unsuccessful. The ePortfolio was perhaps our biggest failure. We admitted the issues early and often. We were honest with students and tried to improve. Students saw the changes quickly, and they knew they were being heard. It eventually evolved to a point where the students could see the value. Interestingly, many students became champions of the program or rallied around the desire to change a portion of the program, and this also helped shape them as leaders. They began working together to effect change in something they felt strongly about. Other items evolved more slowly and were eventually successful. Others just did not work at all, and we were willing to be honest and eliminate them. All told, the students were instrumental in helping us realize what changes we needed to make. In some cases, we just could not bend to the will of the students, because we felt strongly that some elements of the program needed to be included and believed that the students would eventually see the benefit. With all of the give and take, however, it became obvious that we would not be able to include everything we wanted, nor would we be able to please everyone.

Prioritize

While every item a subcommittee worked on had merit and the potential to make an impact on students, we just did not have the resources to do all of them. We prioritized on what had the most faculty support. This enabled early success, increased faculty buy-in, and the program quickly became a part of the culture. Over time, resources had to be allocated. The university was supposed to provide them, but budget cuts prevented it. The college sought ways to make resources available, while maintaining the integrity of existing programs. What ultimately surprised many of us was the level of passion many faculty members of the leadership program showed. We could not include or do everything we wanted, but it was evident that the faculty we had assembled was there for the students and had a passionate desire to move forward despite the university budget cuts. They were the biggest advocates for the program; not because it was their job, but because they believed it was best for the students.

Deploy Faculty Strategically

Many tenured faculty expressed an interest in teaching in this innovative and highly engaging program. However, we determined early on that the best faculty members to teach these courses would be our professionally qualified faculty (now called instructional practitioners) and that they must be former leaders of national or international organizations that realize the value in the program. Their “war stories” add to the reputation of the program as well as help students understand the validity of the program. These former executives have also leveraged their industry contacts to bring in outside speakers and to find internships for students. They have drastically altered the culture of the college and the leadership program.

Future Directions

It is easy to think that this program has solved many issues. While it has helped somewhat, several areas still need improvement. However, because the program was built with significant trial and error, continuous improvement is a part of the program. The COB continues to have regular conversations about the curriculum. We continue to struggle with more reinforcement of the leadership concepts in the major classes. It is starting to stimulate cross-disciplinary conversations, which never happen as often as they should. We realize that leadership does not happen in a vacuum, and it cannot happen in just four courses, so we are in the process of adding leadership components to all courses. Faculty members are much more willing to address leadership concepts when they know students are getting the materials elsewhere.

We continue to assess our program and monitor what other universities are doing and solicit regular feedback from students, the community, and faculty. We continue to explore deeper connections beyond the college, but that continues to be a challenge. Because change is part of the program, changes and adjustments happen regularly. We anticipate that the program will continue to evolve and improve as we monitor student and community needs.

Conclusion

We have attempted to articulate the development of a comprehensive leadership program for undergraduate business students in a large university setting. The development of the program faced numerous challenges and involved multiple stakeholders, including students, faculty, and the business community. An integrated, four-course program emerged that benefits our students by better equipping them for their professional careers. Based on our experience, we identified five best practices that should be considered when developing similar, comprehensive programs. First, we need to make sure that the programs we produce are unique to our institutions. Do not duplicate what others are doing, and create a program that fits the particular organization. Second, be as inclusive as possible. Make sure every voice is heard. Even the program detractors or "naysayers" can have insights that will improve the outcomes. Third, do not be afraid to make mistakes and be honest. This sends a clear message about outcomes. Fourth, remember not every idea can be implemented. Limited budgets force prioritization. Seek opportunities that will provide the most significant impact. Finally, deploy faculty appropriately. Faculty should not be included in the program based on rank or expertise. Faculty members who meet the objectives of the program are the best choice. These best practices continue to serve us as we innovate and improve the program with a focus on preparing students for their careers.

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