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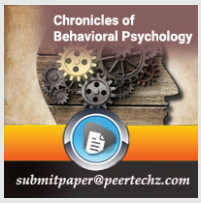

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Research Article

Leaders' tendency to over- and underestimate themselves and their organizations: The subordinates' perception

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Abstract

The aim was to test some psychometric properties of a questionnaire designed to measure leaders' tendency to over- and underestimate themselves and their organizations when they are facing problems. Data were obtained from 63 Swedish managers who had attended leadership courses. As predicted, the findings show that leaders who overestimate their capacity to handle problems also overestimate their organization's capacity to handle the demands, and vice versa. Contrary to prediction, positive correlations were found between the over- and underestimation scales. It was suggested that these last-mentioned finding reflects a general, cognitive ability and personality-based tendency to appraise situations more or less realistically. Similar patterns have been found in studies on destructive leadership and stress research focusing on daily hassles and uplifts. A combined estimation index was computed (Cronbach alpha = .72) and preliminary scale limits to be used by leadership training facilitators and coaches are presented.

Introduction

According to the Leadership model [1-3], which can be described as a Scandinavian adaptation of the transformational leadership model [4], leadership behaviors can be understood as the outcome of an interaction between leader and contextual characteristics. The domain of leader aspects includes two components: basic prerequisites such as cognitive ability, personality, and view-of-life, and desirable competencies including task- and social competence. The contextual characteristics involve the interplay between group, organization, and environmental aspects.

However, the influence of the interaction between leader and contextual characteristics on leadership behaviors is not direct. It is "filtered" through a lens consisting of the leader's appraisal of, and cognitive coping with, a given situation. Some leaders will probably overestimate themselves and their organization and underestimate the situational demands. Other leaders will do the opposite, that is underestimate their resources and overestimate the demands [1].

The accuracy of leaders' situational judgments of demands has been studied from different perspectives. An obvious cause of over- and underestimation is an objective lack of data and/or rapidly changing environments. Turning to research, leading general, cognitively-oriented models include the classical writings of Kahneman [5] and Plous [6], as well as the writings on sensemaking [7,8]. Models focusing on judgment bias mention that most people tend to use self-enhancement cognitions and underestimate others, so-called naïve realism [9].

The present study and the conceptual idea behind "the lens" rests on the stress psychological writings of Lazarus and Folkman [10]. These texts emphasize the interplay between cognitions and emotions in situational appraisals. Particularly in stressful conditions, this seems to be a valuable addition that

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has been under-researched in the leadership literature. This is surprising given the potential impact leaders' miscalculations may have on organizational performance and individual health and well-being.

Lazarus and Folkman [10] discuss two kinds of cognitive appraisal processes. The first is labeled "primary appraisal" and concerns the question in every new situation: Am I OK or in trouble? The second process is labeled "secondary appraisal" and focuses on the question What can I do? These processes operate simultaneously together with cognitive coping processes such as positive thinking and self-blame. The outcome of these inner processes, which can occur both consciously and preconsciously, are behavioral problem- and emotion-focused coping efforts; and leadership actions for instance [10].

The present investigation, which could be described as a pilot study, aims to test some psychometric properties of a questionnaire designed to measure the lens in the leadership model. The following two predictions were made: (1) leaders who overestimate themselves when they are facing problems will also overestimate the capacity of their organization to handle the problems, and vice versa; and (2) a negative correlation can be expected between leaders' over- and underestimation tendencies.

Method

Participants

The study group was comprised of 63 Swedish managers (both private and public sectors) who had attended leadership courses. The participants were informed about the aim of the study, participation was voluntary, and informed consent was obtained from all subjects involved in the study. The group consisted of 19 men and 42 women (2 did not answer). Their ages ranged as follows: below 30 years – 3, 30 - 50 years – 34, and 51 years or older – 25 (1 did not answer).

Measure

The participants were given the following instruction: "Think about one of your former managers. The reason for you to evaluate a former manager is that your present manager shall not experience him or her being evaluated. Judge how the former manager acted in the situations described below. He or she:

- Overestimated his/her capacity to handle problems you were facing
- Overestimated his/her *organization's* capacity to handle problems you were facing
- Underestimated his/her capacity to handle problems you were facing
- Underestimated his/her *organization's* capacity to handle problems you were facing

Each of the four items had a response scale ranging from 1 (*never or rarely*) to 9 (*always or almost always*).

Results

Descriptive statistics (means and standard deviations) and bivariate correlations (Pearson) between the variables are presented in Table 1.

Table 1 shows that the means on all four items are fairly low. This indicates that most of the former managers were evaluated as not over- or underestimating themselves and their organizations too much. Pairwise comparisons of means were also computed between all variables (t-tests, paired samples). None of the six comparisons were statistically significant. This means that the four mean scores were fairly similar.

Turning to the bivariate correlations shown in Table 1, it should be noted that they are all positive. This means that high scores on one item tend to covary with high scores on the comparison item in question, and vice versa. The correlations between item 3, the leader's underestimation of his/her capacity to handle problems, and the two overestimation items (items 1 and 2), are lower but still positive. The remaining four correlations are all highly statistically significant ($p < .001$).

Finally, the following indices were computed: (1) Overestimate based on items 1 and 2 in Table 1; (2) Underestimate based on items 3 and 4 in Table 1; and (3) Lens based on all four items. Results: Overestimate $M = 3.54$, $SD = 1.89$ and Cronbach alpha = .80; Underestimate $M = 3.17$, $SD = 1.69$ and Cronbach alpha = .57; Lens $M = 3.35$, $SD = 1.51$ and Cronbach alpha = .72. The low reliability of the Underestimate scale should be noted. On the total Lens scale, the quartile 1 score was 2.00, the median was 3.25 and the quartile 3 score was 4.50.

Discussion

The findings show that the first prediction was confirmed, that is leaders who overestimate themselves also overestimate their organization's capacity to handle upcoming problems, and vice versa. However, the second prediction was falsified. Results show that leaders tend to overestimate themselves and their organizations, and *also* tend to underestimate themselves and their organizations. One interpretation is that this result reflects a general cognitive ability and personality-based tendency to appraise situations more or less realistically. The argument is that strong cognitive ability resources and an emotionally stable personality increase the likelihood of realistic situational assessments. Speculating further, a possible mechanism is that individuals with a highly realistic appraisal of situational demands and their coping resources, make more

Table 1: Descriptive Statistics and Correlations Between the Study Variables.

Item	M	SD	1	2	3	4
1.NN overestimated his/her capacity to handle problems we were facing	3.48	2.15	1			
2. NN overestimated his/her *organization's* capacity to handle problems we were facing	3.60	1.98	.67	1		
3. NN underestimated his/her capacity to handle problems we were facing	3.27	2.13	.19	.18	1	
4. NN underestimated his/her organization's capacity to handle problems we were facing	3.06	1.93	.56	.38	.40	1

Note. Scale scores could range from 1 (never or rarely) to 9 (always or almost always). All correlations except for the correlations between items 1 and 3, and 2 and 3, respectively, are statistically significant ($p < .003$).

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functional use of memories of previous, similar experiences and competencies. Individuals with weaker resources in these respects are more likely to make less realistic assessments, sometimes overestimating themselves and sometimes underestimating themselves. This means that no indication of "macho" overestimates and "self-blame" underestimates was found. Such leaders undoubtedly exist, but, at least in the present case, they must have been heavily outnumbered by the respondents accounting for the positive correlation between over- and underestimating tendencies.

The finding may seem illogical at first sight, but here it should be noted that the present results reflect a similar kind of pattern that has been observed in other contexts. The first example is studies on destructive leadership behaviors. Here, positive correlations have been found between active destructive behaviors such as being arrogant, threatening, etc, and passive destructive behaviors such as laissez-faire, acting cowardly, and being unclear [11,12].

The second illustration comes from stress research focusing on daily hassles and uplifts. Here, results show that individuals who tend to experience many daily uplifts also tend to report a high frequency of daily hassles [13]. This contradicts the position that some are more optimistic and register more uplifts, while others are more pessimistic and note all daily hassles. Both presented examples point in favor of a generalized cognitive ability and personality-based reaction tendency.

The following preliminary practical suggestions are put forward. First, the two subscales Overestimate and Underestimate should not be used. They are both based on two items only and the Underestimate scale had an unacceptably low reliability. Second, the total Lens scale appears to be valuable. In leadership development contexts such as courses and coaching, the following guidelines are suggested to be used by course facilitators and coaches: Lens scores 1-2.00 = high appraisal and cognitive coping quality; 2.01-4.50 = medium appraisal and cognitive coping quality; and 4.51-9 = lower appraisal and cognitive coping quality. Leaders scoring in the least-mentioned group (the highest quartile) should deserve additional attention during development sessions. However, the results are preliminary and the score limits are likely to be modified given more respondents from a variety of work environments.

Finally, study limitations include limited sample size, lack of data on framing individual and organizational characteristics, leadership behaviors, longitudinal follow-ups, and outcome indicators such as performance and job satisfaction. Future research should address these issues in a variety of cultural and organizational contexts. Hopefully, the present study can be regarded as an early step in this leadership psychology field where the cognitive-emotional model of Lazarus [14] and Lazarus and Folkman [10] is used as a point of departure.

Data availability

The questionnaire (Swedish) and the data file (SPSS) can be obtained from the corresponding author.

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