

CEO Risk Taking on Servant Leadership and Organizational Performance

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FRANCIS BLAKE
CEO of Home Depot



“Create an environment where people are free to say what they think. I will be doing a lot of listening.” –Francis Blake

“He has a high degree of humility, it’s not just his words but it’s his actions. Also, associates love him.” –Marvin Ellison, former executive vice president of U.S. Home Depot stores

INDRA NOOYI
CEO of Pepsi



“I have an immigrant mentality, which is that the job can be taken away at any time, so make sure you earn it every day.” –Indra Nooyi

“Deeply caring person” [who] “can relate to people from the boardroom to the front line.” –Former Pepsi CEO Steven Reinemund

PAUL OTELLINI
CEO of Intel



“The ability to admit one is wrong and learn is critical.” –Paul Otellini

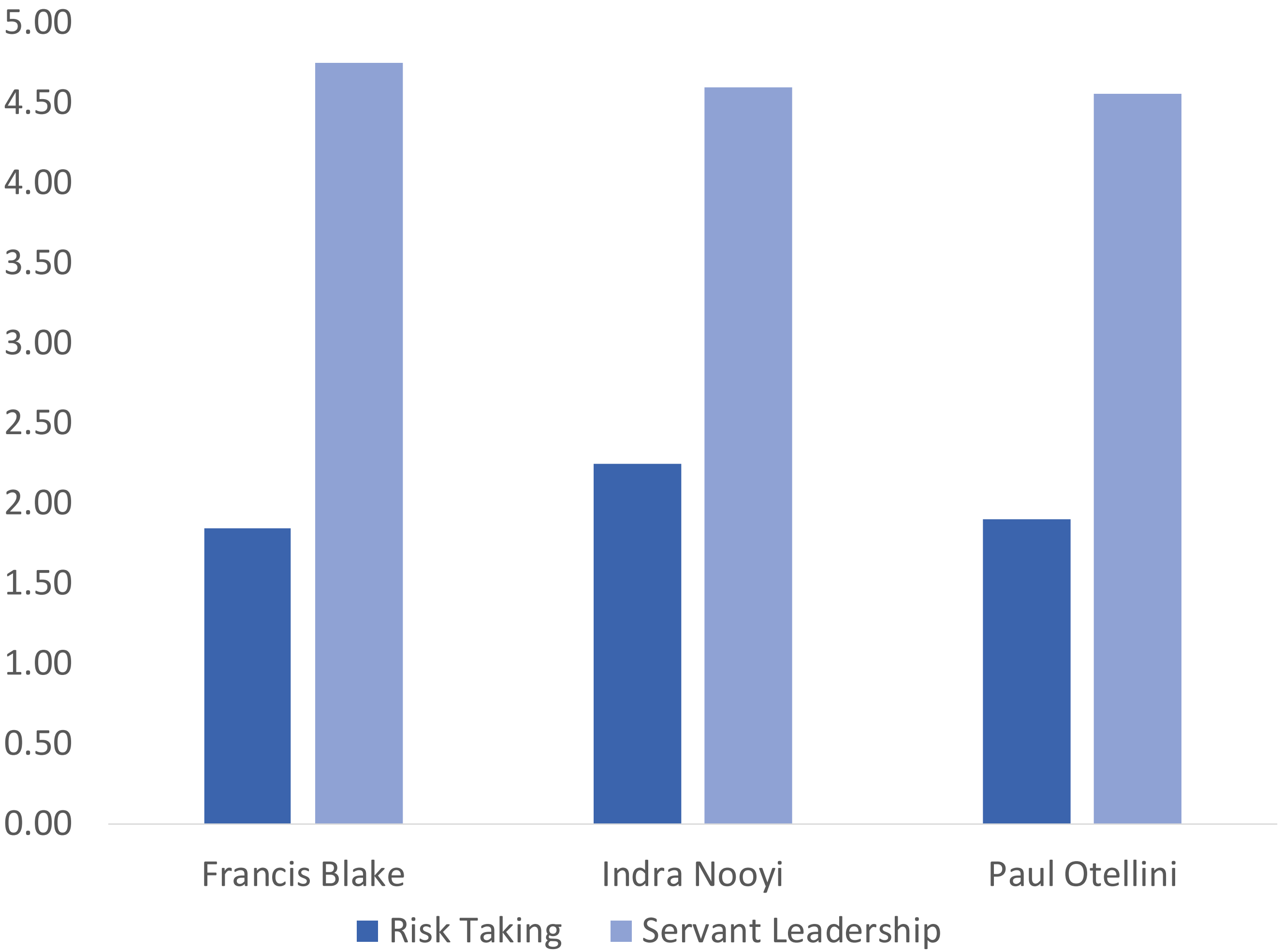
“Paul is a genuinely likeable, engaging guy. Instead of putting his energy into his image, Paul focuses on relationships and substance.” –Eric Kim, former senior vice president of Intel's Digital Home group

Servant Leadership

Servant leadership is characterized by a need to serve others. Characteristics of this leadership style include humility and authenticity, providing stewardship and direction, interpersonal acceptance, and leading with sound moral judgment.

Implications

- ❖ Given the impact of the previous financial crisis, greater vigilance in risk-taking and corporate governance are needed.
- ❖ Research is now focusing on more inclusive leadership styles which focus on moral and ethical reasoning.
- ❖ There is an absence of research investigating servant leadership at the executive level.



Methods

- ❖ 72 CEOs from S&P 500 companies during 2011 were analyzed.
- ❖ Raters completed personality and leadership questionnaires by evaluating numerous biographies, articles, and videos for each CEO.
- ❖ Company size and other control variables sourced from Compustat, SEC filings, and other sources within the public domain.

Results

- ❖ Servant leadership is associated with lower risk taking which translates into greater profitability.
- ❖ Leadership in general is the driving force needed to reflect individual values such as a lower propensity for risk taking.
- ❖ Our findings further illustrate the benefits of the zero-acquaintance approach for assessing leadership and personality.