Followership at the FDIC: A Case Study

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Abstract

The Federal Deposit Insurance Corporation (FDIC), an independent agency of the U.S. Federal government, has been instructing employees in the tenants of followership since 2009. As part of a multi-pronged approach to create a more empowered workforce and enhance trust in leadership, instruction in followership has helped to raise the FDIC from the bottom third on the best places to work in the Federal government to first place. This paper examines teaching the tenants of followership as an integral part of building individual competency in leading oneself and fostering an organizational culture of shared leadership.

Introduction

Congress established the Federal Deposit Insurance Corporation (FDIC) in 1933 in response to the widespread bank failures of the Great Depression. An independently funded agency of the Federal Government, the FDIC's mission is to "maintain stability and public confidence in the nation's financial system by insuring deposits, examining and supervising financial institutions for safety and soundness and consumer protection, and managing [failed bank] receiverships" ("Federal Deposit", 2014). With a long history of protecting depositors, the FDIC played a significant role in stabilizing the national economy during the recent financial recession. In 2007, the FDIC's all employee survey revealed a significant lack of employee trust in leadership with the workforce characterizing itself as un-empowered and as having limited influence in decision-making ("Federal Deposit", 2007). In response, the agency charged its Corporate University with development and delivery of courses to address these issues and to enhance leadership competence across the entire employee spectrum from new hires to seasoned executives. As part of a larger employee engagement strategy titled the FDIC Culture Change Initiative, this mandate fueled an already planned school transition from a small number of contractor - led courses to a robust leadership development curriculum that would serve all employees and be taught by an internal professional faculty. Among the many topics deemed necessary for a holistic approach to leadership development and critical to the Culture Change Initiative was the inclusion of effective followership as a self-leadership behavior.

According to Kelley (1992), followers account for 80% of an organization's success. They are the people who transform plans, policies, concepts, and even rudimentary ideas into the actions upon which the fortunes of an organization are hinged (Chaleff, 2009; Kellerman, 2008; Kelley, 1992). Yet in American society to be labeled as a follower or to suggest that one's workplace actions reflect some degree of followership is often perceived as demeaning or insulting (Chaleff, 2009).

Although there are numerous books and scholarly articles on leadership, by comparison, followership is a relatively understudied discipline (Bjugstad, Thach, Thompson & Morris, 2006; Goodwin, 2012). It appears that this is due to the majority of leadership and management scholars having little interest in followership except in terms of how followers should be led (Goodwin, 2012; Kellerman, 2008). As Yukl (2010) notes, "Most leadership theories emphasize the characteristics and actions of the leader without much concern for follower characteristics" (p. 21). This dearth of interest in the value of the followership factor within an organization is perplexing as followers not only account for the majority of an organization's productivity but also form the basis for leaders to exist (Chaleff, 2009; Kelley, 1992).

Most Americans did not grow up imagining how they might become the perfect follower (Chaleff, 2009). Instead, parents, teachers, coaches and other authority figures imbue children and young adults with an aversion to the terms follower and followership (Bjugstad et al., 2006). Even leaders who freely admit that they are in a subordinate position to a senior authority figure will often refuse to acknowledge their organizational status or their relationship to a superior as that of a follower (Bjugstad et al., 2006). In addition, the leadership literature often describes the follower as being dependent on the leader rather than being part of an interdependent relationship (Bjugstad et al., 2006; Chaleff, 2009). This dependent state dismisses or minimizes the self-efficacy the follower brings to the relationship, often characterizing the follower's skills or talents as something that the leader needs to draw out or harness through motivational efforts (e.g. Goodwin, 2012; Pink, 2009; Simmons & Sharborough, 2013).

Chaleff (2009) challenges this notion, suggesting that a follower's role no longer is one of attending to the dictates of the leader. Rather, he advocates a new relationship in which both the leader and the follower focus their energies on the task or mission with each having shared ownership of the outcome. This new relationship requires a different way of thinking about leader and follower roles. In many 21st century organizations, leaders are no longer able to "harness all the expertise needed to accomplish the work and direct their followers," and instead must learn to share their leadership power with subordinates (Yun, Cox, & Sims, 2006, p. 381). This new mindset is more than mere delegation of tasks and assignments, it requires fully empowering the follower to do what he or she thinks best to meet the needs of the mission (Yun et al, 2006). Kellerman (2008) considers a follower who focuses on the mission to be displaying "good followership," making a distinction between being a worker who responds to leader direction and an employee who displays a behavior of ownership in the outcome (p. 234). While empowerment fuels the follower's intrinsic motivation towards autonomy of action (Pink, 2009; Yun, et al., 2006), it is important to note that not every situation or even every organization would benefit from the idealized follower-leader "equal footing" relationship that Chaleff (2009, p.28) advocates. In fact, Chaleff (2009) recognizes that there are a variety of circumstances in which equal footing cannot be achieved and is not warranted.

Leading / Managing Up

While Kellerman (2008) notes that many leadership scholars have doubts about followership as a discipline or competency, she also points out that some of these same researchers are advocates of leading-up often referred to as managing-up. As one such critic of followership comments, "leadership… must come from below as well as from the top" (Useem, 2001, p. 1). There is an important distinction here, in that many of the scholars writing on leading-up or managing-up appear to be referring to subordinate leaders persuading more senior leaders in the organization as opposed to the concept of workers at any level influencing up in the organization (e.g., Gabarro & Kotter, 1980; Turk, 2007; Useem, 2001).

However, the concept of leading or managing up as an active followership behavior should be embraced by employees at all levels of the organization as a valid method of sharing responsibility for enterprise success (Kellerman, 2008). In a study of attitude towards workplace innovation, Janssen (2005) found a direct link between an employee's "perceived level of [upward] influence" and the level of his or her motivation towards development of ideas that would benefit the organization (p. 573). When the employee believes he or she has influence within the organization's sociopolitical culture, there is a greater willingness on his or her part to challenge the status quo (Chaleff, 2009; Janssen, 2005).

Teaching Followership at the FDIC

As noted earlier, FDIC's 2007 all employee survey depicted an employee population that had developed a lack of trust in leadership, felt largely un-empowered, and perceived itself as having little to no role in decision-making ("Federal Deposit", 2007). Charged with the development of a curriculum that would foster the culture that the agency desired, FDIC's leadership faculty embarked on creation of courses that supported the concept that anyone could lead from anywhere in the organization regardless of position or title (Komives, Lucas, & McMahon, 2013). While this effort entailed designing many of the leadership and management courses that would be found in any college curriculum, for FDIC's non-supervisory employees, it also meant instruction in a new form of engagement, namely followership.

One of the most difficult hurdles in teaching followership concepts is getting students to view being a follower as something positive. In our leadership-centric society, where from a young age children are taught to be leaders and not followers, a cultural phenomenon has emerged where people often realize they are following someone in the workplace, but tacitly do not want to admit it (Bjugstad et al., 2006). In some cases, this adverse reaction that equates following to being subservient is so strong as to be disruptive to learning transfer. To counter this negativity, FDIC's leadership development faculty began to speak of following in terms of engaging with the leader to support the mission and of followership as engagement in the purpose of the organization. Of particular help in this regard is Chaleff's (2009) concept of the leader and the follower engaging together around the purpose or mission. This followership as engagement concept works well in the introductory course to leadership at the FDIC and ties into the overarching theme of the class derived from the introduction to *Exploring Leadership*: *For College Students Who Want to Make a Difference* (Komives et al., 2013):

> Leadership is not something possessed only by a select few people in high positions. We are all involved in the leadership process, and we are all capable of being effective leaders. Through [influence,] collaboration [and engagement] with others, you can make a difference from any place within the organization, whether as the titled leader or as an active member (p. viii).

The words *influence* and *engagement* were purposefully added to the Komives et al. (2013) definition to fully capture what FDIC's leadership faculty believes to be the essence of effective followership. At the conclusion of each session, students brief an executive panel on what they have learned about followership. This presentation helps to cement the learning and serves to remind upper leadership of the importance of followers. To date, over 1000 FDIC employees, approximately one-sixth of the agency's permanent workforce, have attended this introductory course.

While teaching the principles of followership to new employees provides a great foundation for behavior change, it alone would not have been sufficient to fuel the change in the culture that the FDIC desired. The leadership faculty discovered that supporting competencies such as effective communication, delegation strategies, inclusion of diverse perspectives, influence and persuasion, building trust and understanding the importance of values are all necessary supporting behaviors for a culture of effective followership to emerge.

Fostering a climate of mutual trust is a key component of effective followership (e.g., Bjugstad et al., 2006; Chaleff, 2009; Kelley, 1992). Accordingly, the school provided initial training in trust based on Steven M. R. Covey's *Speed of Trust* program to all FDIC supervisors, executives, and board members in 2008. Simultaneously, the school began to include trust as a module within each of the five gateway courses tied to career progression (new employee, team leader, new supervisor, experienced supervisor, and new executive). In addition, specific elective courses were developed for both employees and supervisors in trust and the topic was incorporated into other elective course offerings such as effective influence. Today, over 500 FDIC employees each year to include both supervisors and non-supervisors receive training on the elements of building trust in the workplace.

A second component of effective followership is the ability to influence upward in the organization (e.g., Boccialetti, 1995; Goldsmith, 2007; Useem, 2001). Being persuasive in support of the mission is particularly relevant in an organization like the FDIC where the majority of the employees are college graduates. Influence concepts and persuasive argumentation are being taught in several of the core and elective courses with strategies on managing/leading up being taught in presentations and seminars. All new FDIC employees receive instruction in followership with an emphasis on Chaleff's (2009) *courage to serve* and *courage to challenge*. Followership is also taught as a two-day elective course for more experienced employees, while the principles of leading/ managing up is taught to both new and seasoned supervisors.

Results

Starting with the results of its 2011 all employee survey, which were compared to other Federal agencies of like size, the FDIC moved from 21st place in 2007 to the number one best place to work in the federal government, a position it has held for the last three years. While FDIC's School of Leadership Development cannot take all of the credit for this dramatic shift in employee satisfaction, a look at the statistics in the categories that the school set out to change, to include empowerment, decision-making and leadership, all show dramatic improvement; Figure 1 depicts the attitude changes of the largest group of FDIC managers and employees – the bank examination divisions. Most notably the graphic shows a 40% improvement in confidence in leadership overall, due in part to the overall engagement of all employees in the leadership process through active followership.

Item	Favorable	Neutral	Unfavorable
2007 Empowerment & Decision-making	**29**	**28**	**44**
2013 Empowerment & Decision-making	**57**	**26**	**17**
2007 Leadership Overall	**33**	**28**	**39**
2013 Leadership Overall	**73**	**18**	**9**

Figure 1 Representative Sample of Employee Satisfaction in Empowerment, Decision-Making and Leadership, in the FDIC Bank Examiner Population.

Conclusion

Instruction in followership and its supporting competencies continues to make an impact on the leadership culture of the agency by contributing to a more engaged workforce where 97% of FDIC employees believe that their work directly contributes to the mission ("Federal Deposit", 2013). While the teaching of followership alone cannot account for the overall progress the FDIC has made, post course survey results and anecdotal evidence indicate that the concept of effective followership has made a positive change in the leader-follower dynamic within the FDIC. Of particular note is the fact that the FDIC undertook the Culture Change Initiative and its supporting leadership development effort during the worst financial crisis since the Great Depression, a time when the agency and its resources were significantly stretched. In 2013, a new agency-wide program, Workplace Excellence, was initiated to capitalize on and further the gains of the culture change.

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