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Senior managers at some of the world’s best run firms often ask what it is they should look for in freshly minted MBAs to fill positions of leadership in their companies. They often bemoan the fact that hundreds of resumes, padded with exaggerated claims of accomplishments, provide few clues, if any, for distinguishing candidates with leadership skills. The rookies looking for jobs, similarly, are sometimes faced with the task of choosing a job that will provide them with the greatest opportunities for career and personal growth. What information should they rely on beyond the names and the reputations of the prospective companies they are considering working for?

Leadership is a buzzword in the corporate world. Every company is looking for leaders. Leadership is discussed and taught in all major MBA programmes in the world even as skeptics wonder if leadership can be taught in the classroom.

In this article, I suggest some guidelines for how one can identify leaders and what changes companies can make in their hiring practices that are likely to be value enhancing. There are three characteristics that I believe are essential to look for in a potential candidate.

Generosity

A leader, first and foremost, is someone who people trust and feel a special connection with. A person who is generous with his time and the attention he pays to other people, somewhat indiscriminately without regard to the rank and status of people he is dealing with, immediately establishes a rapport that can last a lifetime. Economists often think of a firm as a nexus of formal and informal contracts. Human resource and organizational behavior scholars emphasize the importance of personal relationships in effective organizations. Generosity enhances the strength and longevity of informal contracts and relationships.

The signs of genuine generosity cannot be easily detected in overt actions such as publicly visible acts of charity or display of attentive behavior towards people whom there may be something to gain from. A truly generous person is one who exhibits generosity even towards people who may not be in a position to reciprocate the generosity in a direct and explicit way. A person who seems nice to his superiors but mistreats his subordinates is not a generous person. Acts of true generosity should be detected in little actions that seem unrelated and unimportant. Let me relate a story that illustrates this point.

Two colleagues of mine, and I from UCLA Anderson School visited Northwestern University’s Kellogg School of Management for a day to study the Career Management Center at this number one ranked school by Businessweek. The Dean Dipak Jain, whom I had known from before but my two colleagues had never even met before, saw us in his office and after making sure that we will get to meet the right people during the day offered that we use his office – the Dean’s personal office - and the adjoining conference room any time during the day when we were there.
He made us feel welcome and important by a simple generous gesture that made us feel as if he had a special connection with all of us. Later during the day he walked with us to the dining hall for lunch and as we were walking to the dining hall, he spotted a dozen people or so, from the faculty to administrators to the janitor in the building and he spoke to each one of them with unusual friendliness and personal care. In particular, he spent some time enquiring the janitor about his daughter who had been under the weather for a few days.

When I give a talk on this topic, I urge the listeners to inculcate indiscriminate generosity of the type I have described. Someone in the audience would invariably ask the question if people with indiscriminate generosity set themselves up for being exploited by selfish people. The answer is of course yes, there will be some people who will exploit the unconditional generosity that I am advocating. I assert, however, that there will be many more people who will see the generous person in such a positive light that they will be willing to go out of their way to help him when required. So, to use the MBA school lingo, generosity may not pay in each and every case, but it is a positive net present value (NPV) activity in an overall sense. The central mechanism through which this works is that generosity allows leaders to build trust and long term relationships that are invaluable in most business situations.

Some people have also wondered if generosity is a sign of “wanting to please everyone” trait which may prevent leaders from making tough but effective decisions. My answer to that is that generosity does not necessarily imply not making difficult decisions that will be good for the organization. Generosity simply means that even tough decisions are carried out with kindness, compassion and empathy at a personal level towards people who might be adversely affected by such decisions.

**Energy and Enthusiasm**

The second characteristic that is important to look for in potential leaders is their level of energy and enthusiasm. Many recruiters claim that when they come for campus interviews at top business schools they pay little attention to candidates’ technical proficiency. They feel that differences in technical preparation are relatively small and in any case rookies are likely to learn the most on the job anyway. What they look for instead is “fire in the belly” amongst the otherwise indistinguishable candidates they interview. This is a good strategy indeed. People with high level of energy and enthusiasm not only generate new ideas, they also appear to have a “bias for action.” In the well-known bestseller, “In Search of Excellence: Lessons from America’s Best Run Companies,” the authors Tom Peters and Robert Waterman, identify a bias for action as one of the most important characteristics of best run companies. Since companies are made of people, choosing employees who have a high level of energy and enthusiasm is likely to establish a culture that values experimentation and innovation that
is critical to success in a fast changing business world.

**Optimism**

The third and perhaps the most important characteristic to look for in a leader is optimism. The good news is that most normal people are optimists. It is well-known in the psychology literature that people who typically make more accurate judgments in situations of uncertainty are mildly depressed people! The reason why most normal – i.e., non-depressed - people are somewhat optimistic is explored in my research with three colleagues at the Harvard Business School, George Chacko, Randy Cohen and Josh Coval. The exuberant feelings we derive from anticipating positive, rather than negative, outcomes bias individuals who try to maximize their happiness towards positive outcomes. “OK, fine”, you may say, “optimism makes us happier but we make wrong decisions. Why is that value enhancing?” The answer is that optimists work harder - research by two financial economists at Duke University, Manju Puri and David Robinson, documents this relationship. Since higher effort is more likely to result in positive outcomes, this can become a self-fulfilling virtuous cycle. Leaders exhibit optimism that goes even beyond the optimism exhibited by normal people.

**What is so special about GEO characteristics**

Some readers might be wondering why I chose just three characteristics, Generosity, Energy and Enthusiasm, and Optimism, from myriad qualities discussed in the vast literature on leadership. I do not mean to suggest that other qualities and characteristics are not important for leadership. Nor am I suggesting that the three GEO characteristics are absolutely necessary in all leaders. What I am asserting is that the presence of the three GEO characteristics can make a big difference in a successful organization. Here are three salient reasons for focusing on GEO characteristics:

**GEO characteristics are easy to spot**

It is easy to spot people who are generous. Just watch them behave in situations where they may have no obvious motive for being kind, attentive and caring to others. See if they treat all people, regardless of their rank or social status, in similar fashion.

Energy and Enthusiasm is difficult not to notice. People with high energy and enthusiasm are usually bubbling with ideas, finish their tasks on or before time, and usually do more than what is asked of them.

Similarly, optimists are easy to spot. They exhibit a “can do” attitude. They seem to have a positive spin on everything. They seem happier than others.

If GEO characteristics are easy to spot, are they also easy to fake? This may indeed be the case, at least to some extent. If so, will it not make it difficult to assess the presence of GEO characteristics in a job interview? The answer again is, yes, perhaps. The trick is to obtain information from observations of behavior in real situations. Talking to colleagues and superiors where a candidate may have worked previously might provide such information. Psychologists can devise special tests by which the presence of GEO characteristics can be ascertained without the test taker being able to manipulate the answers to fake these characteristics.
Because optimists perceive the positive outcomes as being more likely, they exert higher effort which in turn makes the positive outcome more likely. People with optimistic outlook thus are more likely to exhibit high energy and enthusiasm.

Generosity allows people to build connections with other people. People who have been affected by a person’s generosity are likely to go out of their way to help the generous person in times of need. Connections with other people, seen in this light, are effective risk-management tools. Generous people are better protected against risks in life. This allows them to take more risks and engage in entrepreneurial and innovative activities. Generous people will thus exhibit more energy and enthusiasm.

Optimism and generosity are also likely to be positively related. Since optimists predict positive outcomes as being more likely, their tendency to share their resources with others will be more pronounced.

This brings me to the most important prescriptive part of my thesis. Many people who share the basic premise that I am expounding raise the following question. True, they argue, that if we can identify people with three GEO characteristics, we can hire them but what about those who do not have these innate characteristics? Is there anything they can do to inculcate these characteristics?

Some psychologists believe that a process called cognitive restructuring can train people to view the world differently. Thus, one can use cognitive restructuring techniques to inculcate these characteristics to some extent.

I have a much simpler answer that is easy to implement in any organization. My claim is Generosity, Energy and Enthusiasm, and Optimism, are contagious. All of us have the capacity to be more or less generous, more or less energetic and enthusiastic, and more or less optimistic depending on circumstances. If we surround ourselves with generous people, we are more likely to become generous ourselves. Energetic and enthusiastic people induce others around them to become more energetic and enthusiastic. Optimists’ positive view of the world makes others revise their beliefs about the likelihood of positive outcomes as being higher than what they would have imagined themselves. In other words GEO characteristics are contagious.

This makes the benefit of hiring GEO leaders even higher because not only do GEO leaders enhance value directly, they also enhance the value created by others around them. The effect of this positive interaction can be substantial in an organization that has a large number of GEO leaders.

This also gives additional clues to a person deciding which of the companies to join. Other things being equal, my advice is to accept a job in which others who will be working with you are generous, energetic and enthusiastic, and optimistic.

So, the simple message is “Hire GEO leaders” to enhance company value and “Work with GEO leaders” to foster career growth.