



Rethinking Trait Theory

Analysis of the Impacts of Trait Level on Leadership

Yang Zhang¹

¹University of Nottingham Ningbo China, Faculty of Business, 199 Taikang East Road, 330200 Ningbo, People's Republic of China

*Corresponding author. Email: Biyyz69@nottingham.edu.cn

Abstract. Trait Theory, one of the earliest theories of leadership, suggests that the strength of leadership depends on the existence or not of certain personality traits. However, in fact, the degree of strength of traits also affect the leadership. This paper, by studying Chang, the founder of Forever 21, found that some traits that are traditionally considered positively associated with leadership such as self-confidence and ambition can nevertheless lead to debilitating effects if their level is too high.

Keywords: Trait Theory, Leadership, Management, Forever 21

1 Introduction

1.1 Background introduction

Leadership is a process whereby a leader influences followers' minds and behavior 1. It is widely perceived as the key to the success of an organization, especially in a challenging and complex business environment in recent years 2. According to Smith *et al.* (2012), one of the earliest theories on leadership is the Trait Theory 2. It believes that leadership is inborn, and a person becomes a leader by some specific inborn traits rather than by training 1. A trait is a distinctive and relatively stable attribute of an individual's personality 3. Personality refers to the individual's stable evaluation and treatment of the world, from solving trivial matters to realizing the value of life, personality has an extensive and significant influence on individuals 4. This view can be applied to the political, military, and commercial spheres 1. Many traits such as innovative, adventurous, vigorous, and charismatic spirits have been considered as the essential characteristics of an outstanding leader 1. Nevertheless, this theory also has some limitations, such as the impossibility to make a widely recognized list of traits that are necessary to be a good leader and the neglect of differential effects of single traits with varying degrees on leadership 1. This essay focuses on the application of Trait Theory in the business field as well as the matter of traits' degree. By analyzing the impact of the traits of Do Won Chang, the founder of Forever 21, throughout his business, from a no-name store to a global chain to bankruptcy, this paper shows that as the degree of some

previously favorable traits, namely confidence and ambition, deepen, their impact on leadership shifts from strengthening to weakening. It will first introduce the Trait Theory and the case, followed by the case analysis and critical reflections. On this basis, three practical recommendations are made to Chang and other corporate leaders with similar problems, including the establishment of a supervisory board, continuous learning, and standardization of management standards.

1.2 Introduction of Trait Theory

As elucidated by Smith *et al.* (2012), the Trait Theory focuses on judging leadership by personality traits². It is based on an assumption that the traits that leaders possess can be measured and identified². It also suggests that leaders are born rather than made, and it is not possible to train people in leadership². Although the trait theory has made great contributions to the early research of leadership, it also has some limitations. One of them is a lack of consideration of the degree of traits², which may lead to a partial understanding of traits' effects. For instance, although some researchers consider risk-taking as a characteristic of a capable leader - Richard Branson, Napoleon and Churchill could all be described as having an adventurous spirit, this is still a matter of degree, excessive risk-taking could be an impulse and weaken the efficiency of leadership¹².

According to Colquitt, LePine and Wesson (2010) and Buchanan and Huczynski (2016), many traits are associated with leadership, including self-confidence, ambition, and conscientiousness⁵³. Self-confidence is often defined as self-assertiveness in personal judgment, capability, and power⁶. A person's self-confidence usually increases with the experience of successfully completing particular activities⁶. Ambition is a strong desire to gain a particular objective or to be successful, rich, and powerful⁷. People with high Conscientiousness are considered organized, reliable, and responsible⁴. As Buchanan and Huczynski (2016) indicate, these traits are generally regarded as positively related to the emergence and effectiveness of leadership³. Nevertheless, if the degree of these traits is too high, the result may be the opposite.

1.3 Case introduction

Do Won Chang was the founder of Forever 21. He built a \$6 billion global business empire in only about thirty years but also made many mistakes which eventually resulted in the collapse of the company⁸. He founded his first store only with a high school degree and no retail experience¹⁰. However, by providing fast fashion clothes at a low price, which is very common nowadays but innovative and pioneering at that time, Chang attracted many customers and made \$700,000 in sales in the first year¹⁰. As sales took off, he expanded the target customers, opened chain stores, and entered overseas markets¹⁰. At the height of Forever 21 in 2015, it had about 4.4 billion global sales and 740 stores occupying enormous space in malls around the world⁸⁹. However, the too fast global expansion also led to many problems such as unsuitable clothes size and style for local consumers, which brought sales difficulties, inventory pressures, and millions of dollars of loss for the company¹⁰⁸. These problems became even more fatal against the backdrop of increased market competition resulting from the

development of e-commerce and other fast fashion brands 11. However, even in this case, driven by Chang's excessive self-confidence and ambition, Chang ignored the loss and still raced to open more expensive and massive new stores overseas, which eventually result in the collapse of Forever 21 8.

2 Case analysis and critical reflections

Chang's leadership was closely consistent with three traits: self-confidence, ambition, and low conscientiousness. The first two traits had diverse effects on leadership depending on their degree, but the trait of low conscientiousness only had negative impacts. In the early stage, Chang's moderate confidence contributed to the success of Forever 21. As mentioned above, Chang founded the company without relevant experience and a university degree 12. It is not hard to imagine how much disapproval he received at the beginning of the business. Supported by his strong self-confidence, Chang held on and successfully ran an unknown store into an international chain 11. However, with the increasing achievements he made, Chang's confidence increased and this weakened his leadership. He started only trusting himself and did not accept suggestions. According to Maheshwari (2019), Forever 21 did not have equity analysts and a board of directors to provide a check of reality 8. Even if facing serious operational problems in the later stage of the company, Chang still stuck to his intuition and ignored experts' recommendations on everything from new technology to marketing 8. As Erik Gordon, a management expert at the University of Michigan Ross School of Business said, "On the founder side, this hubris thing is pretty common, but it is particularly deadly if you have been successful for a long time" 13. Chang has lived in his self-created bubble for a long, he did almost all the decisions by himself and hard to trust outsiders 13. Chang's excessive self-confidence may be able to explain many near-fatal business misjudgments in the later period.

Similar to the trait of self-confidence, the influence of ambition was also related to the degree. If Chang did not have ambition, he might not open a clothing store, let alone developed it into a chain and entered overseas markets. However, when Chang's ambition exceeds his ability, its negative impacts dominate. To occupy as many as possible overseas markets in the shortest time, Chang planned to open 600 new stores and build an eight billion dollars global business empire by 2017 11. However, Forever 21 quickly fell into crisis this time, because it lacked sufficient market research and lost its position as the fastest fashion update brand due to the growth of e-commerce and other fast fashion brands 11. Without the guidance of local experts and full field investigation, the company made mistakes frequently. As Berfield, Ronalds-Hannon and Coleman-Lochner (2020) indicate, the company provided the same products to different countries and regions 10. The style of clothes is too large for Asians and too exposed for most people in the Middle East, which results in sales difficulties, overstocking, and loss 108. Besides, according to a former employee of Forever 21, the company did not realize that, due to the different latitudes of the countries, consumers in some European countries were buying winter clothing earlier than American consumers; and the company did not know that German shops were closed on Sundays until it was officially in

Germany 13. As the bankruptcy filing shows that most of its international locations were unprofitable in 2015 and the average loss in Canada, Europe, and Asia was about \$10 million per month 9. Yet even as its errors abroad became obvious, Chang did not stop and bet on even more United States stores meanwhile 13. These sustained losses caused by Chang's excessive ambition are highly likely to be the cause of the enterprise's bankruptcy.

In contrast to the formal two traits, Chang's low conscientiousness had continuous negative impacts on his leadership, which are especially obvious from his reckless personnel decisions. In Forever 21, it is common for senior employees to be fired or demoted without much notice 8. This raised wide-range dissatisfaction among staff and reduced their work enthusiasm and loyalty. Chang even appointed some of his friends, who have no retail experience, as department leaders 10. These are extremely harmful to the operation efficiency and Chang's prestige. It is highly likely that these problems caused by the low conscientiousness ultimately hindered the development of the company. Since early in the 2000s, Chang has considered flotation but failed eventually 10. As Ilse Metchek, the long-time president of the California Fashion Association states, Chang enlisted many banks to achieve it, but failed due to the lack of ability to operate transparently 10.

3 Practical recommendations

Three recommended approaches are purposed based on the analysis of Chang's case and the Trait Theory. Although it is hard for leaders to change their traits, they can prevent the negative influence by setting some mechanisms. First, as mentioned above, Chang was easily driven by overconfidence because of the lack of supervision over power. Therefore, it is reasonable for him to establish a supervisory board and an advisory group composed of experts to strengthen the restriction and supervision of the founder's power. Second, Chang's excessive ambition brought negative impacts in the later stage because it was beyond his capability. Thus, Chang can keep learning and be open-minded to cultivate the cross-functional leadership skills and then avoid adverse impacts. Last, since the absence of standardized recruitment standards in the family business, Chang could make personnel decisions arbitrarily. To avoid it, Chang can standardize recruitment criteria, treat every staff equally, and determine salaries and positions based on qualification rather than family ties. To implement the recommendations above, leaders similar to Chang have to make some concessions such as giving up the absolute power of decision. Nevertheless, these concessions are helpful to avoid some negative impacts of traits and are necessary for an enterprise to gain enduring success.

4 Conclusions

To sum up, although the method of judging leadership by personality traits provided by the Trait Theory is feasible in some cases, there still exist some limitations. One of them is the lack of consideration of the degree of traits, which is quite possible to lead

to a partial understanding of traits' effects on leadership. In the case of Chang, moderate self-confidence and ambition are able to contribute to the birth and prosperity of Forever 21. Nevertheless, when they became excessive, these two characteristics combined with low consciousness eventually resulted in the collapse of the enterprise. At the end of the essay, three practical recommendations which include the establishment of a supervisory board, continuous learning, and standardization of management standards, are purposed depending on the Trait Theory, through which corporate leaders with similar problems can minimize the adverse effect of traits, enhance the leadership and promote enterprises.

References

1. Wilson, F. M. (2018) *Organizational behaviour and work: a critical introduction*. 5th edn. Oxford: University Press.
2. Smith, P., Farmer, M., Yellowley, W., and Smith, P. (2012) *Organizational behaviour*. Available at: <https://ebookcentral.proquest.com> (Accessed: 15 April 2021).
3. Buchanan, D., and Huczynski, A. (2016). *Organizational Behaviour*. 9th edn. Available at: <https://ebookcentral.proquest.com/> (Accessed: 15 April 2021).
4. Hiriappa, B. (2008) *Organizational Behavior*. Available at: <https://ebookcentral.proquest.com> (Accessed: 15 April 2021).
5. Colquitt, J., LePine, J. A., and Wesson, M. J. (2010). *Organizational behavior: improving performance and commitment in the workplace*. 2nd edn. New York: London: McGraw-Hill Higher Education.
6. Snyder, C. R., and Lopez, Shane J. (2009). *Oxford Handbook of Positive Psychology*. Oxford University Press. ISBN 978-0-19-518724-3.
7. Collins. Available at: <https://www.collinsdictionary.com/dictionary/english/ambition/> (Accessed: 15 April 2021).
8. Maheshwari S. (2019) 'One Family Built Forever 21, and Fueled Its Collapse', *The New York Times*, 23 October. Available at: <https://www.nytimes.com/2019/10/23/business/forever-21-bankruptcy-chang-family.html/> (Accessed: 17 April 2021).
9. Knowledge@Wharton (2019) *Fashion Fail: Where Did Forever 21 Go Wrong?*, 10 October. Available at: <https://knowledge.wharton.upenn.edu/article/where-did-forever-21-go-wrong/> (Accessed: 20 April 2021).
10. Berfield, S., Ronalds-Hannon, E. and Coleman-Lochner, L. (2020) 'The failure of the Forever 21 empire', *The Bloomberg Businessweek*, 17 January. Available at: <https://www.bnnbloomberg.ca/businessweek/the-failure-of-the-forever-21-empire-1.1375523/> (Accessed: 20 April 2021).
11. Wang, K., and Kim, I. A. (2019) 'At its peak, Forever 21 made \$4.4 billion in revenue. Here's what led to the brand's downfall and bankruptcy', *The Business Insider*, 30 September. Available at: <https://www.businessinsider.com/forever-21-bankruptcy-rise-fall-retail-apocalypse-fast-fashion-2019-9?IR=T/> (Accessed: 20 April 2021).
12. Bensinger, K. (2010) 'HOW I MADE IT — Do Won Chang', *The Los Angeles Times*, 31 July. Available at: <https://www.latimes.com/archives/la-xpm-2010-jul-31-la-fi-himi-chang-20100731-story.html/> (Accessed: 17 April 2021).
13. Sapna, M. (2019) 'One Family Built Forever 21, and Fueled Its Collapse', *The New York Times*. Available at: <https://www.nytimes.com/2019/10/23/business/forever-21-bankruptcy-chang-family.html/> (Accessed: 20 April 2021)

Open Access This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

