



Leadership Backgrounder

THE LEADERSHIP FORUM 19–21 FEBRUARY 2003

Primer and discussion document

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THINKING ABOUT LEADERSHIP: WHERE TO START?

The importance and impact of outstanding leadership in our world is obvious. History has been shaped under the auspices of great leaders, and few enterprises—be they companies, armies, rock bands, or not-for-profit organisations—have succeeded on a large scale in the absence of at least one exceptional individual.

Leadership is a combination of strategy and character. If you must be without one, be without the strategy.

—Gen. H. Norman Schwarzkopf

Not so obvious, however, is why some leaders are so effective, and how we can learn from them.

If leadership is, as Schwarzkopf puts it, ‘character’, then what sort of character is it? How do great leaders think? How do they feel, and how—if at all—do they let these feelings influence their leadership? How do

they inspire hundreds, thousands, millions, of other talented and spirited individuals to follow their direction and thinking? These questions have long played on people’s minds, but have become increasingly relevant over the last few hundred years, as the influence of hereditary power and wealth has waned—and the leaders of the world are no longer born into power, but ascend to their positions on the basis of this intangible leadership ‘character’. More than ever, we are also asking: Can we learn, and teach others, how to be leaders?

To begin to understand leadership, we must delve into the elements of this ‘leadership character’, and examine the components that set effective leaders apart from followers—and often, more tellingly, from one another. A useful question to ask is: What does a leader do that is different? Eisenhower had a simple definition: ‘Leadership is the art of getting someone else to do something you want done because they want to do it’. However archaic, in both its pragmatism and terminology, this seems, it could be close to the simple truth.

Leadership does not necessarily mean being a manager, a politician, or a general, or indeed holding any formal position of power—an artist who starts a new movement in music, for example, can attract followers and effect change just as tellingly as a top CEO or president. Critically, the converse is also true—positions of power in management and politics do not necessarily correlate to effective leadership.

To start the discussion on New Zealand’s leadership challenge, we will

- Review leadership thinking globally over the past century, and the prevailing attitudes towards effective leadership today.
- Consider the imperative to actively develop New Zealand’s collective leadership skills to help our nation meet its immediate growth challenge.

SEARCHING FOR THE SECRETS TO EFFECTIVE LEADERSHIP: A BRIEF HISTORY OF RESEARCH AND THEORY

Throughout the last century, the subject of leadership has preoccupied scholars from a diverse range of backgrounds—academic, management, military, and medical experts have all contributed to developing the field, bringing a range of perspectives and opinions. What has become clear from this multi-disciplinary debate is that leadership skills and capabilities are often directly transferable between different arenas—and many exemplary leaders actively draw on lessons from other fields, either through their own experience or personal scholarship.

As we look back on the evolution of leadership thinking, we see a succession of theories on what makes effective leadership, as well as a wide range of proposed leadership ‘styles’ that describe how leaders operate. Recently, there has been a trend towards recognising that there is no best style or theory for all circumstances, and that truly effective leaders are able to adapt their approach to suit specific leadership challenges according to the context. This approach does not supersede or invalidate the earlier thinking, but does recognise that each theory is only optimal under certain conditions.

Exhibit 1

FIVE HISTORICAL PERIODS IN LEADERSHIP RESEARCH

	Great Man school	Bureaucratic school	Human Relations school	Strategy school	Network school
Period	1900–1920	1930s	1950–1980	1980s	1990s
Research focus	<ul style="list-style-type: none"> • ‘Great men’ in history and contemporary society (eg Lincoln, Napoleon) 	<ul style="list-style-type: none"> • Core management skills 	<ul style="list-style-type: none"> • Emergence of leadership within informal groups 	<ul style="list-style-type: none"> • How CEOs and top teams set new aspirations and align people and resources to achieve them 	<ul style="list-style-type: none"> • How leadership occurs across members of a network
Research outcomes	<ul style="list-style-type: none"> • Lists of traits believed to predict the capacity for leadership (these trait theories were later discredited) 	<ul style="list-style-type: none"> • Descriptions of executive responsibilities that stress the importance of the systematic development and application of rules 	<ul style="list-style-type: none"> • Behavioural models of leadership and lists of leadership roles 		<ul style="list-style-type: none"> • Descriptions of how leadership is enacted as a distributed responsibility
Leadership style	<ul style="list-style-type: none"> • Charismatic leadership 	<ul style="list-style-type: none"> • Rational-legal authority 	<ul style="list-style-type: none"> • Situational leadership • Servant leadership 	<ul style="list-style-type: none"> • Transformational leadership • Visionary leadership 	<ul style="list-style-type: none"> • Front-line /lieutenant leadership • Knowledge leadership

Source: McKinsey & Company

THE EARLY YEARS: DEVELOPING LEADERSHIP AS A FIELD

Prior to the 20th century, leadership as a topic had not been subjected to rigorous research or scholarship within academic or business circles—the term ‘leadership’ itself did not emerge until around 1800, and was referred to only obliquely within historical and political work throughout that century. The most notable contribution to the topic of leadership during this time was the advancement of Thomas Carlyle’s ‘Great Man’ theory in 1847, in which he argued that ‘the history of the world is but the biography of great men’. This gave rise to the concepts of born leaders, intrinsic leadership qualities, and the predestination of success—and it was from these ideas that the early researchers of the 1900s took their start.

*No great man lives in vain.
The history of the world is but
the biography of men.*

—Thomas Carlyle

The end of the 19th century saw the establishment of the first business schools in the United States, and a decreasing belief among traditional academia in the power of reason and the ability of humankind to progress indefinitely—providing both economic and philosophical reasons for

pursuing a deeper understanding of the nature of effective leadership. The first disciplined research in the field was conducted around 1910, with Carlyle’s ‘Great Man’ principles providing the initial basis for the development of the first modern leadership theory—‘trait theory’. This defined effective leadership in terms of abstract personal characteristics and qualities, and largely adhered to the idea of ‘born leaders’; the supporting research was aimed at analysing and isolating the common attributes of this select group, and differentiating them from ‘non-leaders’.

Common ‘leadership traits’ proved hard to find, however, and there was a gradual shift from seeking a range of abstract physical and psychological traits to studying more behavioural aspects of successful leaders. The work of Jenkins and Stogdill in the late 1940s concluded that the most important traits for successful leaders were those most closely related to the functional tasks at hand

*In the past the man has been
first; in the future the system
must be first.*

—Frederick Taylor

—in other words, the unsurprising conclusion that a leader is generally competent in the activities that they lead. For the other non-functional aspects of effective leadership—those in which we are more interested—a new model was needed.

It should be noted that there was a parallel approach, which coexisted with trait theory, sometimes termed the ‘bureaucratic school’—this suggested that the establishment of appropriate systems, rules, procedures, and incentives comprised the cornerstone of leadership. This

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'command and control' approach was aligned with Frederick Taylor's ideas of scientific management, and represented a mechanistic, tightly defined way of thinking about leadership. Since this time, the bureaucratic school has been seen as a stage in the development of management processes, rather than leadership—an important distinction, as these two functions are now viewed differently, although they often overlap.

THE MODERN SCHOOLS: FOCUS ON PEOPLE

Following World War 2, leading theorists began to focus on human behaviours and relationships, with an emphasis on leadership as the effective interpretation of and responsiveness to the feelings and personalities of others. This movement was broadly termed the human relations school, or behavioural school, and incorporated a range of theories with different ideas on the techniques and frameworks that leaders should employ—importantly, it was assumed that these skills could be learned, and that leadership could be developed regardless of an individual’s natural traits.

Amongst the main theories advanced during this time were:

- Power and influence theory—which considers the degree and nature of power held by leaders and the extent to which this influences subordinates, peers, superiors, and people outside of the organisation. French and Raven proposed five types of power—reward, coercive, legitimate, expert, and referent. These represent the spectrum between traditional authority-based power and less formal leadership based on respect and influence.
- Contingency theory—this drew the distinction between task- and relationship-oriented leadership, and suggested that while most people naturally prefer one, this is rarely suitable for all situations or combinations of people.
- Leader-participation model—this comprised a framework for assessing the appropriate level of involvement of followers in the decision-making process in a given situation.
- Situational theory—this codified the ideas of leadership as a contextual skill, arguing that no one style or framework would suit all situations, with a repertoire of leadership skills required to achieved desired outcomes in different situations. Specifically, there were four main styles isolated:
 - Directive
 - Supportive
 - Participative
 - Achievement-oriented.

Most of these approaches and ideas are still deemed relevant today, and it is fair to say that combinations of these principles comprise a toolkit from which many effective leaders draw. Additional layers have, however, been added to the model of effective leadership over the last 20 years.

In the 1980s a substantial body of work looked at the role that strategy, and the effective communication of this, plays in effective leadership. The ideas of ‘visionary’ and ‘transformational’ leadership stem from this thinking, and emphasise the importance of galvanising an organisation or group behind a

shared overall goal, vision, or set of values. This component of a leader's role is largely aimed at high-level motivation rather than tangible decision making, but ensuring the overall alignment and commitment of all members of a team to a common end-game is an essential goal for any leader. Since these theories were first advanced, two significant periods of perceived corporate failure—during the late 1980s and early 2000s—have driven increased cynicism towards and distrust of charismatic leaders with grand visions. It is a challenge for leaders today to present a vision that is compelling and aspirational, while still being perceived as pragmatic and realistic people who are able to execute.

Expanding the scope of what comprises effective leadership even further was the advent of 'network' leadership thinking in the 1990s. This argues that one leader alone is never enough—and that a truly effective leader aims to build a

I start with the premise that the function of leadership is to produce more leaders, not more followers.

community of leaders and change-makers within the ranks of their organization, supporting them through knowledge management systems and appropriate development programs.

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—Ralph Nader, US citizens' rights advocate

Notably, none of the major post-war theories have been obviously superseded or discredited by subsequent work, and we now

have a range of models that apply to either different situations or different aspects of the leadership role. We can summarise the aggregate conclusions of these major movements/schools at a high level, in saying that an effective leader:

- Sets a shared vision for the group
- Guides them towards this using a range of behavioural theories (and styles, which we will discuss shortly), selected depending on the context
- Reinforces their own leadership through building a network of 'lieutenants' to lead from within the ranks.

MANY WAYS TO MAKE IT HAPPEN: A LOOK AT LEADERSHIP STYLES

Having considered the theories and models describing what makes for effective leadership, this section looks at the ways in which individuals can behave and

*A leader...is like a shepherd.
He stays behind the flock,
letting the most nimble go out
ahead, whereupon the others
follow, not realizing that all
along they are being directed
from behind.*

—Nelson Mandela

act to be effective. The different ways in which leaders approach their roles are generally termed ‘styles’, and these describe the manifestation of a leader’s approach—how they act in given situations, and what this looks like to others. It should be noted that while many of these styles are derived from, and have a natural fit with, a certain theory, any style can be considered in the context of any theory.

Generally speaking, there are three broad categories of leadership style—autocratic, democratic and laissez-faire—but more specific categorisations of style have been proposed, one of which is shown in Exhibit 2.

Exhibit 2

THE 6 LEADERSHIP STYLES

	How the leader acts	The style in a phrase	When this style is most effective
Coercive	<ul style="list-style-type: none"> • Demands immediate compliance 	<ul style="list-style-type: none"> • ‘Do what I tell you’ 	<ul style="list-style-type: none"> • In a crisis, to kick start a turnaround, or with problem employees
Authoritative	<ul style="list-style-type: none"> • Mobilises people towards a vision 	<ul style="list-style-type: none"> • ‘Come with me’ 	<ul style="list-style-type: none"> • When changes require a new vision, or when a clear decision is needed
Affiliative	<ul style="list-style-type: none"> • Creates harmony and builds emotional bonds 	<ul style="list-style-type: none"> • ‘People come first’ 	<ul style="list-style-type: none"> • To heal rifts in a team or to motivate people during stressful circumstances
Democratic	<ul style="list-style-type: none"> • Forges consensus through participation 	<ul style="list-style-type: none"> • ‘What do you think’ 	<ul style="list-style-type: none"> • To build buy-in or consensus, or to get input from valuable employees
Pacesetter	<ul style="list-style-type: none"> • Sets high standards for performance 	<ul style="list-style-type: none"> • ‘Do as I do, now’ 	<ul style="list-style-type: none"> • To get quick results from a highly motivated and competent team
Coaching	<ul style="list-style-type: none"> • Develops people for the future 	<ul style="list-style-type: none"> • ‘Try this’ 	<ul style="list-style-type: none"> • To help an employee improve performance or develop long-term strengths

Source: Goleman, D. ‘Leadership that Gets Results’ Harvard Business Review, March-April 2000

Looking through the list of styles, it is easy to intellectually recognise the strengths and weaknesses of each approach—and the need to adapt to a given situation. However, this is more difficult to do in reality, as most people have an instinctive ‘natural’ style. In fact, many high-profile leaders have clearly adopted one of these styles, and made it their trademark.

Former New Zealand Prime Minister Sir Robert Muldoon was perhaps the extreme model of a coercive/autocratic leader, who rarely engaged his colleagues genuinely in the decision-making process; as one of his contemporaries remarked: ‘It’s said there were only two shades of opinion in Sir Robert’s caucus: “yes” and “yes, sir”’. This sort of leadership can, at its worst, be confrontational and intimidating, leading to the disengagement and demotivation of those involved. As noted earlier, this sort of leadership can be essential at times—perhaps during a crisis, or on a targeted basis to deal with very difficult factions—but ensuring that it does not become a normal mode of behaviour, and is balanced by more participatory approaches, is important.

We must become the change we want to see.

—Mahatma Gandhi

A very different style of leadership was demonstrated by another New Zealand leader of the 1970s, Dame Whina Cooper. Throughout her life, she led from the front, preferring to act and set an example than decide by committee—a combination of the

authoritative and pacesetting styles described above. This approach was vividly demonstrated when, in her 80th year, she walked at the head of the Maori Land March from Te Hapua to Parliament. Her dedication and personal commitment was an inspiration to Maori across the country, and awakened many Pakeha to the importance of the issue for Maori.

As many leaders have become successful using a small subset of styles, we may conclude that simply pursuing one’s own style in a passionate way can be highly effective. However, examining the details of past leaders’ experiences often

It is not fair to ask of others what you are unwilling to do yourself.

—Eleanor Roosevelt, US First Lady

reveals that, despite their overall achievements, they encountered difficulties due to their adherence to a specific approach. To use the examples above, we know that Sir Robert’s coercive approach inspired dissidence and unease within his Government, and that Dame Whina’s action-oriented leadership-by-example caused

difficulties in her role as head of the Maori Women’s Welfare League in 1957—it seems that both leaders would have been more effective if they had selectively adopted a more democratic stance in certain circumstances.

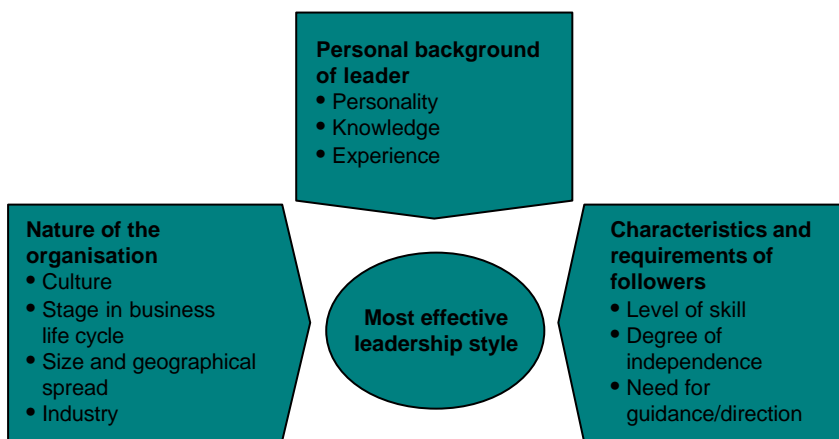
The key issue to address here, it seems, is how to apply the ideas discussed hitherto in a practical, day-to-day fashion. What factors determine the most appropriate styles for a given situation? Which theoretical model should we apply to assess the likely responses to our actions? Given the range of approaches considered so far, what is a leader to do?

APPLYING THEORIES AND STYLES IN THE 'REAL WORLD'

We have determined in the previous sections that there is a range of theories and styles, each with their own exemplars and proponents. But how does this inform practical leadership decision-making? Which style should we use, which theory or framework is most appropriate, for a given situation? The idea of leadership in context, derived from the original situational approach, can be powerful in this regard—as shown in Exhibit 3, this involves considering the leader's personal background, the attributes of followers, and the specific organisational and environmental factors that define the leadership challenge in any particular instance.

Exhibit 3

EFFECTIVE LEADERSHIP STYLE IS DRIVEN BY CONTEXT



Source: McKinsey & Company

Given the specific combination of these three factors, an effective leader is able to select an appropriate approach from their repertoire of available styles—although clearly this is difficult to do, as we all have a natural personality and bias towards one style. Moreover, being overly inconsistent in one's approach can also have negative effects. In light of the difficulties inherent in this approach, increasing emphasis is being placed on a leader's ability to sense and respond to emotions—so-called 'EQ', or emotional intelligence—as a key enabling factor in effective leadership across all contexts.

One leader who is considered a superb 'sensor' of emotional climate, ambience, and shifts of opinion is Franz Humer, CEO of Roche. He attributes the

development of this skill to his time as a tour guide in his mid-twenties, guiding groups of 100 or more people: 'There were no salaries, only tips...pretty soon, I knew how to hone in on particular groups. Eventually, I could predict within 10 percent how much I could earn from any particular group'. Mercenary, perhaps, but this emphasis on reading the personalities and emotions of others has served Humer well in his career.

Leadership should be born out of the understanding of the needs of those who would be affected by it.

—Marian Anderson, singer and black rights advocate

Being attuned to the emotions of those with whom we work seems to be a sensible aspiration. However, the importance of this 'soft' skill has often been underestimated when compared with technical skills and IQ. A recent study of executives in American firms found that the differentiating factors between high-performers and average executives were, in 90 percent of cases,

emotional rather than cognitive. This doesn't, of course, mean that good leaders are always 'nice' in the sense of being pleasant and expedient; true emotional intelligence can mean knowing when to be assertive or even autocratic, and when it's best to ask for ideas versus coaching a colleague.

Against the backdrop of high-level frameworks and theory from the business schools and consulting firms, the last 25 years have also seen a proliferation of popular-press leadership books—these range from biographies heavy on experience and anecdotes to weighty, detailed descriptions of specific theories. What effect and relevance do these works have on our thinking, and how do we integrate their ideas into our overall approach?

Biographies tend to be very illustrative of individual styles, and allow us to learn from the experiences of others. Yet they usually offer a range of specific approaches to individual instances, which we must be wary of adopting per se.

Ultimately, you'll know what approaches and techniques work best—those you hope to lead will tell you.

—Rudy Giuliani, Former Mayor of New York City

The more general works, which propose an overall theory, are usually aligned with one of the major theoretical schools, and can vividly demonstrate the detailed application of these ideas.

Overall, the current emphasis is squarely on building leadership capability within the individual and dealing with situations in an adaptive way rather than simply emulating any specific style or theory. Building this capability consists of accumulating knowledge from across the spectrum of leadership thought, and pairing this with the development of emotional intelligence and interpersonal skills. Critically, the archaic notion that leaders are born and that leadership cannot be learned has

been largely discredited, and there is no reason for any potential leader to limit their aspirations if they have the will and open-mindedness to develop themselves.

This focus on capabilities, knowledge, and flexibility has driven an increasing emphasis on personal and professional development amongst leaders—more than ever, those in leadership positions are examining their own conduct, performance, and approach; and are seeking opportunities to learn more about both leadership theory and themselves.

WHY LEADERSHIP IS CRITICAL FOR NEW ZEALAND

Over recent years it has become apparent that NZ must effect a step-change in growth if it is to remain a competitive, leading edge participant in the global economic community. Analyses of barriers to growth usually point to the need for more effective expansion of small- and medium-sized enterprises into global concerns; better commercialisation of innovative ideas; improvement in our immigration/emigration management and balance; and more effective alignment of Government policy—among other factors. In addition to addressing these economic inhibitors, NZ faces a number of challenges at a community level, which demand the mobilisation of philanthropic and social resources in an effective fashion.

The Global Entrepreneurship Monitors conducted in 2001 and 2002 revealed some telling insights into the current depth of business leadership in New Zealand. While we have a high level of entrepreneurship overall, amongst the top five countries in the world, the goals of these small enterprises are generally set low and tend to be inwardly focused—only a small proportion of our entrepreneurs are dynamic, export driven, or have aspirations to build businesses that will make a substantial contribution to New Zealand. The opinion is often advanced that most New Zealand start-ups grow to a point at which the founder is able to finance the essential Kiwi lifestyle—a freehold

The reasonable man adapts himself to the world; the unreasonable man persists in trying to adapt the world to himself. Therefore all progress depends on the unreasonable man.

—George Bernard Shaw

home, boat, beach house, university education for the children—and rarely incorporate any broader sense of purpose into the organisation to drive it further. Moreover, there are concerns about the adequacy of leadership skills amongst these entrepreneurs to manage the transition of their business from a start-up, based around an innovative idea, to a high-performing sustainable organisation where control and responsibility are delegated and decentralised.

These findings naturally lead to a broader discussion around the aspirations and expectations of New Zealanders in general—how big do Kiwis dream? A relevant concept is the idea of ‘power distance’, or the level of social separation between the nation’s leadership and the ‘average’ citizen; the classic case is the question of whether any person could expect and aspire to one day be Prime Minister, as, for example, every American is taught that they could one day be in the White House. We have traditionally had a fairly flat society with a short ‘power distance’, and our leaders—business, political, and cultural—have been drawn from all backgrounds. Farmers have led the Government, business leaders have as often as not have come from decidedly average family backgrounds, and our most successful musician, Neil Finn, hails from a small King Country

township which is an edification of traditional rural New Zealand. Can we maintain this level, egalitarian society, and are we able to use our numerous success stories to stimulate real aspiration and 'big dreams' across the nation?

Given the growth challenge facing New Zealand, and the current environment for leadership, there are a number of questions we should ask ourselves:

- How can New Zealand stimulate the development of more leadership capacity?
- What cultural and education initiatives will empower our potential leaders with the skills and environment they need to succeed?
- What will stimulate and encourage talented and successful New Zealanders to take a stand and get involved in the growth of the nation?
- How can leaders transcend the boundaries within our increasingly multicultural society?
- What mix of policies will allow us to retain, and, importantly, attract exceptional leadership talent?

The first challenge of all, it seems, is the establishment of a strong community of leaders, from a wide cross-section of New Zealand society, committed and able to execute on the changes required to strengthen the nation's economic and cultural core.

What can New Zealand's aspiring, emerging, and current leaders do to respond to this leadership challenge?

FIRST, MAKE THE DECISION TO BE A PART OF NEW ZEALAND'S GROWTH STORY

Much of our talent is currently being exported in the pursuit of global experience and skills; those who do return are having a significant impact in shaping the country's direction, helped by their time overseas, but this proportion is still too small. Pursuing a career in New Zealand following the 'OE' (at whatever age and life-stage) offers the opportunity to assume responsibilities and exposure to high-level decision-making at a comparatively young age, and to be involved in enterprises that affect the entire nation's performance and growth. This message needs to become a mantra for our leadership community.

Similarly, there are advantages and opportunities for companies to remain domiciled in New Zealand even once they become global players in their industry; an excellent example is Fisher & Paykel Healthcare, who export 95 percent of their production, but maintain a world-class manufacturing and R&D facility in East Tamaki—this affords them access to a pool of talented young engineers and technical staff and provides significant benefits to the national and local economies.

SECOND, REGARDLESS OF LOCATION AND OCCUPATION, DEVELOP AND NOURISH THEMSELVES AS LEADERS

Almost all outstanding leaders from around the world cite a rich and diverse body of inspiration as key to their success—this includes examples set by other leaders, perspectives gained from the study of general literature and arts, formalised leadership thinking and theory, and personal experiences outside their eventual career discipline.

To maximise their own potential and contribution to both their organisation and nation, it is critical for leaders to concentrate on continually developing themselves in a variety of ways.