

Part One
The Diagnosis

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Chapter One

Practically Perfect in Every Way

The Making of the Modern Leader

THE DEVELOPMENT OF THE LEADER

The Modern Leader is, like all of us, a result of inheritance. Our genetic forefathers shaped our physical strengths and weaknesses and our intellectual potential. Much of who we are in these dimensions is as a result of history (and pre-history). What we do with this inheritance, however, is not pre-determined. Today's leaders are the product therefore of two specific things: the historical development of leadership and the environment in which they operate. This chapter deals with the historical development of the cult of the leader, the two that follow will deal with the current environment: combined they present a proposition as to why the modern leader has failed.

In the cult of the leader, history matters. We have an inherited way of living in tribes which is at the heart of the way that we, as a species, have evolved. As with other primates, pecking orders and leadership roles have always been with us. What differentiates us from other primates is our ability for rational thought and as this has developed so we have applied it to leadership as we have to so many other aspects of our lives. From the earliest beginnings of recorded thought man has reflected on the nature of success in leadership. The earliest civilizations recorded and celebrated the

achievements of their leaders and in those civilizations where deities took human forms, they too were given attributes associated with the human experience of leaders in real life. Not just in the writings of historians, writers and poets but also in the pictures and sculptures of each tradition we have built through time an image of leaders and their characteristics: whether these were good, bad or indifferent.

Clearly whilst alive, powerful leaders went out of their way to ensure that stories about them and the images that were employed to portray them reinforced their right to lead and the basis of their power. In a world where the majority did not read or write and where brute force, superstition and religion played as much a role in the acceptance of a leader as any sophisticated justification of hereditary, judicial or democratic right, portraiture developed a very significant role in communicating and reinforcing the role of the leader.

Since the early renaissance, art developed a very sophisticated ability to reflect upon the nature of leadership. Arguably this came about initially as a result of patronage in that those with the wealth from positions of economic, social or religious power retained and sponsored artists and in return were portrayed by them in return. Over centuries, as artists continued to be sponsored by the powerful they developed an iconography and a presentation of power that has shaped a significant part of the inheritance of leaders in modern organizations. The history of the representation of the leader in art shows us the degree of conditioning within which leaders have grown up and how the continuing sense of their own position and perspective of many of those in leadership roles has been shaped. Leadership became embodied in a single leader and

as the leader became the embodiment of the state so this set the scene for the leader in other contexts to become the embodiment of their own organization.

European art was transformed with the development of new understandings of perspective that transformed the flat, Byzantine-style two dimensional representations of the dark ages into the figurative, three dimensional realism that appeared in the 13th century. Art historians have identified the pioneering techniques of Giotto Di Bondone and his followers as a significant transformation which enabled a shift in subject matter for the visual arts from the predominantly religious to embrace far more realistic representations of the secular. As art techniques progressed and as artists became more sophisticated in their representation of the human condition so they were able to tell much more sophisticated and complex stories in their pictures. Leaders become flattered by those artists whom they patronized and were placed at the heart of society and at its highest point. What finally developed was the presentation of the leader as next only to God, the leader as God's representative on earth, the leader as the embodiment of us all and as above all others bar God. In the 14th and 15th centuries even renaissance leaders in supposedly democratic Florence and other city-states found way of reinforcing themselves as 'primus inter pares' (first amongst equals) whilst later, more autocratic leaders firmly dispensed with this humility and had themselves presented as the apotheosis of human achievement.

Renaissance painters used heavy symbolism to underline the importance of the secular power at a time when the power of the church was significantly greater than that of any secular leader. One of the leading practitioners of this approach was Sandro Botticelli

(c. 1446–1510) and the most famous representation of his approach hangs in the Uffizi gallery in Florence: ‘The Adoration of the Kings’. This shows the story of the Christian Holy Family receiving the adoration of the magi. Here, however, is not only an image of a story known by everyone who would have seen the picture when it was first displayed, but also a stark representation of the power and importance of the Medici family, the first and foremost of the merchant princes of Florence. For the magi kneeling at the feet of Christ is the most powerful man in Florence, Cosimo Medici. By placing him next to the Son of God himself Botticelli is telling everyone in Florence to whom they have to pay homage as leader. The representation does not stop here, but goes on to reinforce the power of the dynasty by including in the painting two further generations of Medici: Cosimo’s son Piero and grandson Giovanni.¹

As the renaissance developed its fascination with things classical, the pre-industrial age in Europe often used Greco-Roman or local mythology to portray its kings, generals and grand citizenry in the guise of the Caesars, or with allusions to local and well understood legends such as those from Arthurian, Germanic or Norse tales. As the 18th century progressed so the leader moved from a paragon of virtues associated with Aristotle’s leader (learned, artistic, a sportsman as well as a general) to being portrayed as the source of power. The symbols and trappings of the state (crowns, sceptres, orbs, ermine and the like) as representations of the power of armed force came to the fore. So much so that revolutionaries once in possession of power employ exactly the same allusions as those whom they have deposed.

The renaissance leader, informed by the counsel of Machiavelli, developed into a leader who presented himself as the source of all:

'L'Etat c'est moi' said Louis XIV to the Parlement de Paris in 1655.² This reflected the philosophical proposition that directly connected kings to God and made them the dispenser of justice, of position in society and ultimately of wealth. He is portrayed in a series of paintings by all of the great artists of the day. The most famous is probably by Henri Testelin (1616–1695) and is an example of how the artist was able to tell this story through a single image. Louis commands his throne with a firm grip on the symbols of power. At his feet is the world, represented by the globe, showing his dominance even over other kings and images of learning, of wisdom (the Greek head) and of scientific understanding (the trigonometry instruments). His hand rests on a child, representing him as the father of the nation as well as the father in the family.

Whilst in England this belief in the inherited right from God of kings to rule without let or hindrance cost Charles I his head and the monarchy its primacy over parliament, in much of Europe this leadership model was reinforced during the latter part of the 18th century by the Hapsburgs, the Hohenzollerns, the Bourbons (in Spain and in France) and the Romanovs. This era of the enlightened autocrat developed the theme of 'father or mother of the nation' acting on behalf of their children as all parents do because they knew best. This leader was benign, a leader who was committed to the well-being of the nation, who was forward-looking and interested in the life of every subject. They were wise and all powerful. For those who accepted this settlement of power within the state the enlightened autocrat protected them from injustice within and from enemies without. They were reformers, yet in no sense were they democrats nor were they interested in sharing power. They controlled the reins of central power and were ruthless in

removing privileges from provinces, representative assemblies and religious organizations, especially those associated with taxation or with exercising any degree of control or restraint over the monarch's ability to enact legislation and dispense justice.³ For those who attacked the state, and the status quo within in it, there was to be neither tolerance nor mercy. They ran highly disciplined police forces and secret services, they employed informers and used their power to imprison without trial, to exile (internally and externally) and to murder. They often ascended their thrones as a result of violence and many died violently. As well as brute force, these leaders employed extravagant display, wealth and external show to demonstrate their power and their permanence. Their courtiers, cardinals and catamites did likewise.

Joseph II of Austria (1741–1790) was arguably the greatest exponent of Enlightened Autocracy. His portrait by Joseph Hickel (1736–1807) is a wonderful example of the development of the cult of the leader in the 18th century. It shows Joseph in his finery, wearing his honours next to a sculpture of Minerva the goddess of wisdom and between them an owl representing knowledge. Here is the leader as all wise, all knowing and all powerful, utilizing these super-human attributes for the good of those he rules over. Despite the shifts in the balance of power between the rulers and the ruled in the intervening two hundred and fifty years and the introduction of the concept of a universal franchise for the appointment of people to executive office the presentation of many modern leaders in all walks of life is not much different.

In some ways this shouldn't surprise us. If one looks at the development of the business leader in generation after generation

we can see a progression from the economic radicalism of the entrepreneur to the social conservatism of the respected elder. As societies developed and the ownership of land became the defining attribute of power so those in 'trade' and later in 'production' looked to acquire social standing with the wealth they created. In so doing they aped the pretensions and the practices of those with political and social power in society. The industrial revolution may well have brought a radical shift in power and influence in favour of those who owned capital rather than land, but it didn't change the leadership paradigm. To confirm their status in 18th and 19th century society these newly rich⁴ bought estates, acquired aristocratic titles, sat in parliaments and presented themselves as leaders in the same way as those who were born into leadership roles. The acceptability of business came much later to society's leaders than that of the church or parliament or the professions. Whilst no-one could doubt the economic muscle, it was conforming to social norms of leadership status that eventually secured these new men their acceptance. Business leaders shaped themselves in the mould of the formerly omnipotent.

The modern inheritors of this tradition of faithful representation of the person, both in painting and in photography, show the leaders of today as thoughtful, considered and as socially conservative as their predecessors. They sit in solid chairs reminiscent of the thrones of the kings of old. They often hold representations of their power or achievements or appear against backgrounds that tell their story. These representations are used to communicate leadership traits that people want to see: reliability, prudence and trustworthiness. Even with the advent of television and radio

these images continue to play as significant a part in the public relations agenda for today's leaders as they have ever done. They are consistently presented in ways that remind us of their importance, their insightfulness and their infallibility. The difference in today's less deferential world is that these images can be used to undermine the pretensions of leadership just as much as they can reinforce them.

In recent times the image and positioning of the leader as the incarnation of the state has been used to great effect, most notably in the UK where a recent report on the removal of democratic accountability of the government was presented under a cover showing Tony Blair's face superimposed on the famous portrait of Louis XIV, with the title: 'L'etat, c'est moi?'

If art is a mirror of society⁶ then what it tells us is this: whilst we may want to see changes to how leaders behave, one of the big constraints we face is that our leaders still carry the expectations set by their predecessors. We want them to know the answers, to understand our needs and aspirations, to solve our problems and to protect us from ourselves as much as from others. In fact, the model of leadership still expected and applied in the early part of the 21st century is that of parent. From renaissance princes through imperialism to the 20th century's dictators so many of history's leaders have styled themselves as 'fathers' or 'mothers' of the nation (the modern tribe). Leaders within these tribes (such as leaders in organizations) sit in organizational structures that reinforce these expectations. They are still judged by performance models that reinforce the importance of infallibility.

Malcolm Higgs⁷ offers us an historical assessment of the development of the understanding of leadership taking Plato's proposi-

tion that ‘society values whatever is honoured there’ as his starting point. He usefully divides mankind’s exploration of leadership into four historical phases: classical, renaissance, industrial and modern, recording the dominant discourse and defining each age through the eyes of the major thinkers on the nature of the leadership of the day.

This modern concept of leadership is not that promoted by Aristotle of a virtuous leader as the servant of the state, democrati-

Table 1.1 Leadership Discourses: An historical perspective

Era	Dominant Discourse	Example of Authors
Classical	Dialogue	• Plato
	Society	• Aristotle
	Democracy	• Homer
		• Pericles
		• Sophocles
Renaissance	Ambition	• Petrarch
	Individual	• Chaucer
	Great Man not Great Event	• Castiglione
		• Machiavelli
		• Shakespeare
Industrial	Survival of the Fittest	• Weber
	Control	• Darwin
	Rationality	• Durkheim
		• Marx
Modern	Psychological	• Freud
	Behavioural	• Skinner
		• Jung

cally (however restricted the franchise) appointed and accountable to others for their leadership. Nor does it resonate fully with Machievelli's renaissance prince where coalition, alliance and the search for common ground drives achievement of ambition for the city-state. It is the direct inheritor of the concept of enlightened absolutism where the leader is firmly established as the state appointed by birth and accountable to themselves and of course God. Importantly, as they were God's appointed representative on earth they were the only person apart from the Pope – mercifully far less powerful by this time – who could articulate with assurance whatever the divine purpose was. So for all intents and purposes they were it.

Whilst birth has been replaced in political leadership – though not expunged if we consider the Kennedys in America, the Mitterands in France and the Churchills and the Pakenhams in the UK – it still plays a role in business, especially in financial services and in the media where family dynasties run their organizations with the same streak of ruthlessness as an 18th century despot. Even if the appointment process has been more open, once appointed, chief executives in public as well as private companies can and do exhibit the same characteristics and behaviour.

The global financial crisis has exposed the hubris and despotic tendencies of the leaders of many of the world's largest banks and insurance companies. Before them came the leaders of Enron, WorldCom, Parmalat and others such as Robert Maxwell, all of whom lived like kings and many of whom behaved like tyrants. Elected political leaders too, regardless of their position on the left – right spectrum, seem to have the same propensity as their

counterparts in business to assume the mantle of the enlightened autocrat. In Europe most French Presidents since DeGaulle have upheld the autocratic tradition and today Italy's Silvio Berlusconi and Russia's Vladimir Putin are examples of the historical autocratic leadership traditions in their own cultures. In the UK Prime Minister Tony Blair's use of executive power has ensured his place in history as one of the most controlling leaders of government in the last 100 years.

F. W. Taylor's⁸ invention of scientific management captured the essence of the industrial age by applying rationality to the organization of work and the disciplines required to manage complex production structure. What it failed to do is to give us an equally compelling explanation of leadership. Indeed despite the significant shifts in political and economic structures during the first couple of decades of the 20th century the reality of leadership has hardly changed at all. This is despite 'leadership' becoming one of the most written about topics in the world of management. Indeed as at March 2010 the only category of business and management books with a greater count on Amazon's web site was strategy (c. 230,000 vs. c. 150,000 on leadership). Perhaps even more telling is the fact that of the books listed nearly 900 were for publication over the following 15 months.⁹

This explosion in the oeuvre is the product of the application of the scientific approach to management. It reflects an increasing desire to understand why some organizations performed better than others and to apply the lessons learned elsewhere. Everyone knows that leaders matter, but the struggle is to successfully define why. At the heart of this is the belief that performance will be improved by getting leaders to adopt specific behaviours. This

approach has been accelerated by the rise of the business school in which academics are encouraged to research and publish in order to satisfy both their own career ambitions and the ambitions of their employers to be regarded as 'experts' to attract government and business funding.

REPLICATING LEADERSHIP SUCCESS

This scientific approach to the understanding of effective management and leadership of organizations was accelerated by the application of social science research techniques to human interactions in organizations. Early work included that of Professor Meredith Belbin on the human contribution to effective teams. Belbin's observations of teams working on the 1960s equivalent of what is now the full time senior executive MBA programme at Henley Business School defined the combination of human attributes required for a team to be successful at achieving a task. He was not interested in changing people but rather in ensuring they were combined in such a way as to be effective.¹⁰ His team model became the mainstay of much of the work done in organizations on improving team impact and can still be found in practice today.

In the United States, however, an approach more rooted in psychology developed from the early work of David McClelland, the American psychologist, on the motivations that underpinned achievement and predictors of job success. It aspired to create templates for successful performance in roles against which organizations could recruit, performance manage and develop their employees. This produced what is now known as the competency movement. This argued that it was possible to identify skill and behavioural traits that correlated with successful outcomes in organizations through applying empirical social science research principles to the evaluation of what successful leaders do. Having identified these competencies, proponents such as Robert Boyatzis¹¹ claimed that it was then possible to assess leaders and potential leaders against these criteria and to make recruitment, development and promotion decisions using these assessments. Boyatzis'

model made a significant contribution to understanding what differentiated success. His critical incident based research identified nine aspects of personal performance that differentiated effective management from the less effective.¹² He identified the drivers of an individual's motivation to achieve which can be grouped into aspects of personal drive. This focused on efficiency and achievement; being active rather than passive in getting things done; self-confidence; establishing and using networks; intellectual ability (critical reasoning and synthetic thinking; diagnostic skills in using concepts and turning them into practical tools) and influencing skills (concern with own impact and use of power; effective communication oral and visual; managing group processes). Much of this work underpins leadership potential identification and development in organizations today.

This thinking gave rise to much of today's cult of the leader. As with all such outcomes the basic principles and argument are sound. To be an effective leader one has to have drive, intellectual and emotional abilities. As a model through which we can think about leadership development and appointment to leadership positions it has its utility. However, it pays no attention to the culture or environment within which a leader might be acting, and offers little or no insight into what makes, for example, for effective leadership of a group process in terms of style and approach. Nor does it argue that all of these attributes have to be present in one person for them to be fully effective.

Regardless of these caveats, competencies went into the management lexicon. They are now a standard part of recruitment and development assessments, annual performance reviews, 360 degree feedback surveys and many other activities that assail people as

they attempt to carry out their activities in the modern organization. The implementation of the competency model, driven mainly by a revitalized personnel function (renaming itself along the way 'Human Resources' and adopting the pseudo-psychological jargon of the psychotherapist or life coach) resulted in it being distorted. The assessment methodology and the division of individual attributes into strengths and weaknesses built a subtly different proposition: the existence of the Mary Poppins Manager – practically perfect in every way.

Inevitably, every leader or aspiring leader looked to ensure that every area of competency was perceived by their bosses as a strength. Where a weakness was identified, for it not to be seen as a potential career roadblock, it had to be one that peers and bosses would see as 'acceptable'. Normally these are associated as a consequence of being strong in a particular area. A standard one in all the organizations I have worked in was 'not tolerating fools gladly' – a clear correlation of a consequence of high drive and a high desire to achieve. Line managers often tried to put across tougher messages using positive language to 'soften the blow'. This made it at times virtually impossible to decipher what the real issue was and whether it got in the way of effective delivery or not. Even when Human Resources changed weaknesses to 'development needs' to encourage greater openness and honesty in recording this information this same approach to the annual performance assessment round continued, after all they were still really weaknesses, weren't they? With the introduction of 360 degree feedback mechanisms some rebalancing was achieved in 'current performance' against the standards but the same basic premise still stands today: perfection is preferable.

What this proposition creates is insecurity. Leaders and potential leaders in organizations today are actively persuaded not to value themselves, their talents and abilities but to value an entirely theoretical model of perfection. This concept of a perfect leader has not existed before today in any serious consideration of leaders and leadership in society. Any brief engagement with Shakespeare, Chaucer, Machiavelli, Freud or Jung would quickly conclude that it is the imperfections of leaders that makes them so effective, just as much as those things they do well. There is no doubt in my mind that we all should learn and change at every stage of our lives. But we will all make mistakes at every stage and at every level of seniority we achieve. The challenge is to learn from these and not continue to make them. To do this is to celebrate your humanity, your imperfections and your fallibilities as well as your abilities and skills. Whilst you can be conscious of these and try to adjust your behaviour to improve your chances of success in all things, you cannot change your fundamental personality.

What makes us successful as a species is our diversity. What has brought us down in the past and will do so again in the future is conformity. The consequences of a model that suggests you can achieve perfection are potentially highly damaging for society as well as for those who submit to requirement to conform.

GURUS AND VOODOO

This requirement for perfection presented the opportunity for the rise of the leadership guru. A global market emerged in *how* to be successful as a leader as opposed to *what* an effective leader needed to do. Required to conform, we looked for those who could help us become a new person, a better person and ultimately a more successful person. At the popular end of the market we are obsessed with ‘learning the secrets’ from big name practitioners such as Jack Welch, through the more prosaic material of the one-minute manager to the positively ludicrous. In his book *How Mumbo Jumbo Conquered the World* polemicist and commentator Francis Wheen¹³ draws our attention to the following management titles:

- ‘The Leadership Secrets of Attila the Hun’
- ‘Gandhi – the Heart of an executive’
- ‘Confucius in the board Room’
- ‘If Aristotle ran General Motors’
- ‘Elizabeth I, CEO: Strategic Lessons in Leadership from the woman who built an empire’
- ‘Moses CEO’
- And my favourite: ‘Make it so: Management Lessons from Star Trek the Next Generation.’

Wheen’s analysis of what he calls ‘management voodoo’ exposes the fallacious nature of much of what is presented as insights into leadership success. He reminds us that much of this empty analysis – he calls it ‘cracker mottoes’ – comes from the (mainly) American self-help industry. The gurus that industry has created

are paid tens of thousands of dollars a day to peddle these secrets of success. These have included amongst many hundreds Tom Peters, Zig Ziglar, Stephen Covey, Deepak Chopra and Anthony Robbins whose book *Giant Steps* has 365 lessons in self mastery, of which lesson 364 is this: 'Remember to expect miracles ... because you are one.'¹⁴

This industry was, in 2006, reported as being worth about \$9.6 bn in the USA alone.¹⁵ Organizations have fallen over themselves to incorporate these insights into their management practice. Deepak Chopra's *Lessons from the Teaching of Merlin* which was so successful that it encouraged executives from computer giant 'Atlantic Richfield' to employ his company for ten years to teach employees to find their 'inner space'.¹⁶

These gurus have pulled off the feat of combining fireside hokey with state of the art new age management jargon. They talk about benchmarking, re-engineering, personal growth and pro-activity and in so doing have developed the standing of the village witch doctor or wise woman. Their influence on more than business and management was confirmed in the exposure of 'Wackygate' during the first Clinton administration. In the nadir of the political and personal doldrums in 1994 the Clintons invited amongst others Stephen Covey and Marianne Williamson the celebrated spiritualist and new age author to a weekend at Camp David to re-establish the vision of The Presidency. Along with this group came Jean Houston, the founder and principal teacher of 'the Mystery School', a bicoastal seminar (\$2,995 per student) of 'cross-cultural, mythic and spiritual studies, dedicated to teaching history, philosophy, the New Physics, psychology, anthropology, myth and the many dimensions of human potential'. She described herself

as a 'scholar, philosopher and researcher in Human Capacities'.¹⁷ The outcome gleefully reported in the media was an apparent séance where the future presidential hopeful and Secretary of State was reported as having talked to Eleanor Roosevelt and Mahatma Gandhi who was reported as being described as a symbol of 'stoic self-denial'.¹⁸

Mrs Clinton is not the only leader or spouse of a leader to fall under the spell of new age management nonsense: Cherie Booth, wife of UK Prime Minister Tony Blair brought her own lifestyle guru and new age thinker, Carole Caplin, into Number 10 Downing Street to general media hilarity. Like the Clintons and the Blairs the leaders of many modern organizations have swallowed a series of increasingly preposterous propositions about leadership and management that taken together have become the tenets of faith on which the cult of the modern leader has been built. The financial crisis has finally started to expose the cult for what it is and those who follow it are today's Emperor: they are wearing no clothes.

In his seminal paper 'On Bullshit'¹⁹ Harry G. Frankfurt points out that the essence of bullshit is not that it is false, but that it is phoney. It is unavoidable, he argues, whenever circumstances require someone to talk without knowing what he is talking about. This can be applied to much of what is written about management and leadership today. At its best it is platitudinous and unenlightening and at its worst it combines new age nonsense with the downright dangerous and dresses it up in psychobabble.

What is even more depressing is that management is full of people who seem highly susceptible to this bullshit. This can be attributed to the idea that the competency movement has created

a less confident cadre in organizations today than we had thirty or forty years ago. Vulnerable and in search of an answer we instinctively turn to solutions that resonate with the certainties of our childhood. We respond with alacrity to neo-religious propositions that are delivered with all the certainty of an American evangelist preacher. We are especially impressed by anything that is presented in a way that sounds like it is based in scientific rigour.

Jamie Whyte²⁰ in his book, *Bad Thoughts* argues that this is the foundation for the success of management consulting in selling the simple and straightforward as complex and insightful and being able to command significantly inflated fees for so doing. He argues that, if you want to do this well, you should employ as much jargon as possible. He reminds us that there is a significant difference between jargon and terminology:

Jargon in management consulting involves the substitution of bizarre, large and opaque words for ordinary, small and well understood words. The substitution is no more than that. Consultese brings with it no extra rigour, no measurement precision lacking in the ordinary language it replaces. Where terminology in science aids clarity and testability, consulting jargon shrouds quite plain statements in chaotic verbiage.

In the world of leadership jargon dominates. Cults thrive where there is doubt, uncertainty and anxiety. We are sold snake oil when we lack real understanding. This type of nonsense permeates management in all sectors and across all cultures.

It is this that has turned 'leadership' into a cult and as we know, cults are unhealthy. This cult sets leaders apart. It makes them special. It flatters them. It imbues them with powers over and above

those of ordinary mortals. It argues that they can be spotted early, indeed that they may even be ordained from birth. This is the foundation of eighteenth century antinomianism (the belief that the elect are not subject to mortal law). And many of today's leaders have become the modern equivalent of James Hogg's justified sinner, Robert Wringham, who saw himself as 'the sword of the Lord' and when being challenged on his deadly actions justified himself as one of the great elect through 'the doctrine of grace'. On being told that even this was no justification for his action he reflects that 'the man apparently thought I was deranged in my intellect. He couldn't swallow such great truths at the first morsel.'²¹ Today's versions of 'the elect' would include amongst their numbers Sir Fred Goodwin arguing that his pension arrangements were unexceptional and various members of the UK's House of Commons who seemed to feel that it was unreasonable for the public to want total transparency in the accounting for taxpayers' money spent on maintaining their second homes.

MANAGEMENT OR LEADERSHIP?

One of the reasons modern organizations have engaged with the cult is that those who lead them and especially those who lead their Human Resources functions conflate good management with leadership. A review of recent research about training needs in the UK²² showed that many responses relating to ‘leadership’ were really about people management skills. The leadership skills gaps identified were:

- leading people and people management;
- leading and managing change;
- business and commercial acumen – strategic thinking;
- coaching, mentoring and developing people;
- performance management, especially standards;
- communication/interpersonal skills;
- innovation.

Whilst a couple of these include the word, none of these address the fundamentals of leadership; all are skills we require in managers at just about every level of the organization. I believe that this reflects a muddle amongst HR people specifically and the wider management population generally. It also fails to reflect the increasing need in the new world to ensure that as leaders we understand the business we are in. One of the significant criticisms of the big banks is that many of their leaders were responsible for organizations selling products they as leaders did not understand; hence the call for a return to appointing leaders who understand what it takes to be good at banking.

Leadership is somehow a ‘bigger and better’ version of management: something strategic and somehow more critical than just

managing people. Attending a leadership programme has far more kudos than attending one on management. Certainly this is backed up by my experience in business education where there is evidence to show that changing the title of a product to incorporate 'leadership' as a training provider results in your selling more places. It flatters the attendee and in a world where words like 'executive', 'director' and 'senior' are used to such a degree that they are significantly devalued against their original meaning, attending a mere management programme suggests a very lowly level of career attainment.

If there is one emerging differentiator between the challenges of leadership and those of management it is that associated with globalization. This is likely to be the century where, regardless of the views of the political classes, borders will come down. As they recede what will appear is both a more connected yet more fragmented world. It is more connected, thanks to the rise of technology, the breaking down of barriers to travel and the ubiquity of brands that address basic human needs regardless of culture.

It is a more fragmented world, in that the wider the common interest group we belong to, the more likely we are to look for local connection, for roots and for personal differentiation. This is the driver behind the rise of nationalism across Europe from Scotland to Serbia. This too plays to a basic human need: that of belonging and acceptance. It will be increasingly difficult to manage cross-border organizations in this world unless leaders from all walks of life take on some of the bigger issues facing humanity regardless of where they live and what they do. The more complex and ambiguous our world becomes so much greater becomes the

need for immediate certainty and community. This is the paradox that has to be resolved by the leaders of modern organizations. We now have to understand power and how to make this power work positively for people in a far more integrated, connected, yet at the same time fragmented and conflicted world. What leadership thinking has to embrace is the role of power and how it is distributed, looking for models that reflect the ambiguity within which we live: decentralizing that which we need to run our day-to-day lives, and pooling that which we need to resolve the significant cross-border challenges that we face. In this regard, power itself indeed is not the issue, the issue is how those with power exercise it and what we as citizens perceive as the outcomes of the use of that power. For those of us who believe that the creation of wealth and the use of it to better humanity in a sustainable way should be the foundation on which the exercise of power should be built, are looking for leadership we can trust.

The study of human and organization behaviour is not about the discovery of the new. Rather, it is about explaining better what we can all see, which in turn opens up new possibilities for the re-shaping and transformation of our social environment. Today's leaders in a globalizing world must understand that those issues central to leadership: motivation, inspiration, sensitivity and communication have changed little in 3,000 years. There is nothing to suggest that the process of globalization itself will change this one iota. What it does is make it far more challenging.

WHAT LEADERS DO WRONG

Early on in this chapter I referred to work done by my colleague Professor Malcolm Higgs and in his latest work²³ he addresses the darker side of leadership. His research reinforces what we know to be the habits of many modern leaders:

- (i) Abuse of power. This encompasses the abuse of power to serve personal goals or achieve personal gain; the use of power to reinforce self-image and enhance perceptions of personal performance; and the abuse of power to conceal personal inadequacies.
- (ii) Inflicting damage on others. This focuses on negative impact on subordinates and includes: bullying; coercion; negative impact on perceptions of subordinate self-efficacy; damage to the psychological well-being of subordinates; and inconsistent or arbitrary treatment of subordinates.
- (iii) Over-exercise of control to satisfy personal needs. For example: obsession with detail; perfectionism and limiting subordinate initiative.
- (iv) Rule breaking to serve own purposes. This is the area of behaviour in which leaders engage in corrupt, unethical and, indeed, illegal behaviour.
- (v) The ability of leaders to engage in 'bad' behaviour is seen to emanate from their positional power.

Let me give you one story of many that exist in business of these behaviours coming together to act in a way guaranteed to undermine confidence in the leaders of business. In their book *The New Capitalists* the authors claim that in the public merger negotiations with WorldCom in 2,000, executives in the telecom firm Sprint

borrowed millions of dollars to exercise their stock options and purchase stock which they believed would continue to increase in value. This created a significant tax obligation. When the merger discussions fell apart the share price more than halved slashing their personal gains but not their tax liabilities.

Accountants Ernst & Young provided both tax advice and audit services to Sprint and to support the executives from whom they earned their fees they advised that Sprint could repossess the options saving the executives concerned, including the CEO, more than \$300 million in paper profits and thereby remove their tax liabilities. This move would have cost the company's shareowners \$148 million in tax benefits. Sprint eventually decided not to implement the plan but the fact they gave it consideration and that their advisors were asked to work on it demonstrates how divorced senior leaders can become from the realities of what the rest of us believe is right and wrong.²⁴

Ernst & Young are currently facing questions about their role in the auditing of Lehman Brothers' accounts in the year prior to the collapse of the bank. The role of advisers, often retained to give confidence to the owners of the business that the rules are being followed and that executives are acting in the owners' best interests, is increasingly coming under the microscope as disgruntled owners challenge the behaviour of executives.

There is no doubt that behaviour like this can only destroy wealth, value and economic performance. Many sit at the heart of what happened in big business and in regulatory authorities during the last ten years. It is now time to accept imperfection, fallibility and humanity; to expect less of one person and more of a team; in other words to reposition the leadership model in the realities of the new world.

WHY WE NEED LEADERSHIP

We have to address some very awkward questions about leadership. Perhaps whilst we still live in tribes there is a limitation to the development of leadership? Maybe we crave the security of knowing someone else is taking care of things? Maybe most of us are reluctant to take responsibility and are only too happy for others to step up? Is it better to be able to blame someone else when something goes wrong rather than accept responsibility for ourselves? Social psychologists have conducted numerous studies that demonstrate that human beings have a significant dread of making the wrong decisions. In one particular study it was shown that people avoid choices between very similar options by postponing them or through other equally effective strategies for procrastination including persuading themselves that there is no need to make a choice at all.²⁵

Heroic leadership is the life-blood of Hollywood and the core of many school history books. But it is rarely the reality, and even when it is it can only be so for a short period of time when our community, our tribe or our society, is threatened with overwhelming danger. In leadership you can make a difference or no difference. This is well illustrated in a comparison made between John F. Kennedy's Peace Corps and Newt Gingrich's 'Contract with America.' The former, still going strong after fifty years, is based in the leadership proposition that it was better to 'ask what you could do for your country' whilst the latter lasted a single term based as it was on the message 'Vote for us, then sit back and watch us perform. We'll take care of it for you.'²⁶ Having failed to take care of it Gingrich and his colleagues were voted out. This illustration comes from Roger Martin's book exploring the difficulty of establishing personal responsibility in organizations. Martin's argument

gives insight to the importance of leadership over that of one heroic leader. Hegel argued that human beings have within them a pre-established 'master-slave dialect', in other words that a partnership of equals was a rarity and the normal state of affairs was for one human being to dominate another. This drives a tendency in humans to flip from dominance to subservience depending on the relationship we are experiencing at any one time. Martin builds on this and suggests that we are all driven by a fear of failure and we react in one of two ways: take more responsibility than we need to or should (i.e. dominate and become the heroic leader) or take less (i.e. to stand back and await instructions from others, refusing to take on responsibility where we could and should). The challenge for leaders is not to do the former and to ensure those you lead do not do the latter.

There is something in modern society, however, that conspires against that very rational proposition. In a world far more democratic and open than the one in which Hegel developed his ideas, people are often less willing than their predecessors to stand up and take responsibility either for resolving problems in their organizations, their communities or even their families, or for the consequences of their actions. We are far too willing to blame others and far less willing to accept our own role or contribution. We expect those in leadership positions to have all the answers and to fix all the problems and we then criticize them at the first sign of doubt or failure. We don't need these sorts of leaders: their failure is inevitable as those they lead are unwilling to work with them to find solutions and to play their role in making change happen. We need leadership. We need all of us to take the lead,

to act in line with the common purpose of our organizations. To achieve this we will need to promote the adoption of values far more akin to those of John F. Kennedy's vision of America than those that have dominated in the last twenty years of the 20th century.