

Leadership and Management in the Emerging Economy A Report



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department for
education and skills

Leadership and Management in the Changing Economy*

(*Originally '*the Emerging Economy*')

Project report

Report Commissioned by the Cabinet Office, Department of Trade and
Industry and the Department of Education and Skills

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2003

Executive Summary and Key Recommendations

Executive Summary

1. In the main, respondents believed that economies and societies were moving from one dominant set of economic and business assumptions about operating and organisational imperatives or methods of achieving success to a new set of imperatives.
2. Change, allied to technological and organisational innovation, will place new demands on organisations and their leadership capabilities.
3. Effective leadership and management are fundamental to the success of organisations and the UK economy as a whole. The form and location of this leadership is likely to be different to that which currently dominates prevailing beliefs and stereotypes about leadership.
4. There was a high degree of agreement that leadership capabilities can be learned, developed or released.
5. The form and nature of effective leadership will change to match the new conditions. Models of leadership based, for example, on male, directive, hierarchical and control assumptions seem increasingly irrelevant in an environment in which diversity, consensus, openness and creativity are central to success.
6. There was broad acceptance of the proposition that leadership and management are interdependent and rely (equally) on each other to support individual and organisational effectiveness.
7. Issues of integrity, respect for others and fairness emerged as central to the organisational cultures and philosophies that are most likely to support the development of leader-managers. The emphasis on integrity was closely linked to the high priority given by the new generation of leader-managers to respect for the individual, the community and the natural environment. This, in turn, led to leadership and management styles based on open communication and the active rejection of bullying, discrimination and other forms of anti social behaviour.
8. Diversity emerged as one of the recurrent themes of this project. As an issue, it took several forms. First, there was a rejection of the “white, male stereotype” of leaders and managers. There was

widespread support for a major initiative to open up leadership and management opportunities to people of talent, regardless of gender, race or beliefs. It was, also, stressed that diversity - especially in the leadership group - was a major asset to organisations.

9. The ability to adapt to different situations and adopt appropriate leadership or management styles or roles seems crucial to effectiveness in contemporary organisations. This “style flexibility” was seen to extend beyond leadership and management to a willingness and capability to support and follow others when appropriate to the needs of the situation.
10. Effective leadership is a mixture of personal characteristics – many of which can be extended or developed – like creativity and risk-taking and learned behaviours such as communication and change management. The form of these characteristics and behaviours can vary considerably between people and circumstances.
11. Leadership research and development in the UK is limited in scale and scope. Much of the work that exists stands outside the mainstream of business and management education and research.
12. The current environment requires that organisations seek out leaders at all levels in the enterprise. In key industries, especially those at the heart of the knowledge economy, top-down leadership is not enough to meet contemporary needs.
13. Leadership should be developed alongside management capability to ensure synergy between them and enable as many people as possible to meet leadership challenges and responsibilities.
14. There is broad agreement that some form of convergence between leadership and management was taking place. This convergence is expected to produce a new synthesis. Within this new synthesis, command and control based hierarchies seem to be replaced by more partnership based working arrangements underpinned by powerful and effective operating systems. The view gradually emerged that "convergence" might not be a strong enough term, that perhaps the "emergence" of a new form of leader-manager role was a better interpretation.
15. The key to the (converging) roles of managers and leaders lies in the ability of the leadership to adapt systems and structures to the

needs of changing situations and groups while management's task is to deliver the desired outcomes.

16. Entrepreneurial skills and attributes emerged as integral to leadership and management regardless of organisational size.

Recommendations

Among the specific proposals for action are:

17. Support for the Wales Management Council, the Scottish Management and Enterprise Council, the Northern Ireland Management Council and complementary initiatives elsewhere to work together develop the leadership and management strategies for the UK and their own communities. Among the items for consideration should be:

- 17.1. A programme of government and industry support for the work of the Commission for Racial Equality, The Equal Opportunities Commission, the Disability Commission and others to identify and highlight the leadership capabilities and potential of disadvantaged groups

- 17.2. The creation of a leadership "observatory" to monitor relevant innovations, developments and research

- 17.3. The creation of a National Centre(s) for Leadership Studies

- 17.4. The scope for a "Tomorrow's Leaders" initiative within Higher and Further Education

- 17.5. A Leadership Network web site should be created, ideally with strong links to Ufi/Learn Direct

- 17.6. A small number of pilot, training and development initiatives using the proposals developed through this project and the related research

18. Research Funding bodies such as the Economic and Social Research Council should be encouraged to establish an on-going research initiative into Leadership in the Changing Economy

19. The National Centre for School Leadership should be supported to:

- 19.1. Engage in research and development to identify the optimum means of realising leadership potential in the young

20. The integrated management-leadership model produced within this project requires further development and testing. It should then be:
 - 20.1. Mapped against existing standards notably IIP, the Business Excellence Model and BSI with the final formulation of this model incorporating this mapping exercise disseminated widely to RDAs, Business Links and Sector Skills Councils
 - 20.2. Communicated to local Learning and Skills Councils a view to linking this model into their business support systems especially for high growth companies
21. Leadership development should become an embedded element in all management development
 - 21.1. Providers of Management, leadership and business education should be encouraged to strengthen significantly the coverage of diversity within their programmes
22. Successful existing programmes such as those at Bradford and Exeter and operated by organisations such as the Work Foundation should be supported and the results disseminated.

Full report

1. Introduction

In July 2002, we contracted with the Cabinet Office and the Departments of Education and Skills and Trade and Industry to:

- 1.1. “consider how leadership is learned, how individual and organisational leadership-based management is best developed and what organisational systems best support the development of integrated management leadership capabilities”
- 1.2. “to consider cost effective ways to encourage and facilitate management leadership education, training and development.”

The project was divided into 2 phases:

- 1.3. Phase 1 of the project was to:-
 - 1.3.1. identify the current state of knowledge and understanding about the relationship between leadership (its nature, context, characteristics and attributes) and management (capabilities, skills and competencies)
 - 1.3.2. make clear recommendations about the second phase of the work.
- 1.4. Phase 2 of the project was to:-
 - 1.4.1. build on the body of knowledge identified in Phase 1 and explore ways in which programmes and strategies can be developed to:
 - 1.4.2. understand the links between the personal characteristics of leadership and the disciplines underpinning management
 - 1.4.3. enhance the processes and systems that sustain leadership and management especially in high-performance organisations
 - 1.4.4. embed leadership characteristics across management and across organisations

- 1.4.5. build links between leadership development and management development
- 1.4.6. make policy recommendations on the ways that leadership and management capability can be enhanced across the UK
- 1.4.7. develop leadership through education, training and development (in secondary, tertiary and work-based learning)
- 1.4.8. explore the extent to which leadership is a 'social' rather than an individual property – the product of group interaction rather than individual characteristics.
- 1.4.9. describe how leadership can be more effectively developed and how can the leadership process of groups be made more effective.

2. Methodology

The activities undertaken during this project were divided into two phases namely research, and testing.

2.1. Phase 1 - Research

2.1.1. An extensive review based on the literature of the current state of knowledge

2.1.2. Review the findings with two expert panels and an electronic consultation with experts in the UK and abroad

2.1.3. Scope out the current body of knowledge in the UK and internationally and define the relationships between different issues raised

2.1.4. Complete a 'think piece' defining the issues and lessons from previous research and produce an action plan for Phase Two

2.2. Phase 2 – A programme of research to test the linkages identified in the first part of the project which define the links between leadership and management and develop a leadership/management framework or development tool. This research programme included:

2.2.1. a series of focus groups across the UK to test work undertaken

2.2.2. a set of case studies covering the public, private and voluntary sectors

2.2.3. in-depth interviews with business leaders

2.2.4. a quantitative survey of key issues

2.2.5. a discrete conference at which a draft copy of this report will be presented and finally tested with a small audience from industry, education and government.

2.3. The conclusions of the study will be put before the Steering Committee prior to presentation to the Cabinet Office,

Department for Education and Skills and the Department of
Trade and Industry

3. Outputs

3.1. It is clear from the work undertaken during this project that there are a number of key factors and beliefs, which will determine the future of leadership and management in the 21st century. These propositions are:

3.1.1. Effective leadership and management are fundamental to the success of organisations and the UK economy as a whole. In the main, however, just as "...there is no theme in management (literature) which is more enduring than leadership" there seems to be a broad consensus that the rapid pace of change and the changing nature of organisations indicates that "...what we need (in the 21st Century) is more leadership."

3.1.2. Although it seems that change, allied to technological and organisational innovation, will place new demands on organisations and leadership capabilities, the clear conclusion of this project is that the form and nature of effective leadership will change to match the new conditions. Models of leadership based, for example, on male, directive, hierarchical and control assumptions seem increasingly irrelevant in an environment in which diversity, consensus, openness and creativity are central to success.

3.1.3. Questions were raised throughout this study about the distinction between leadership and management. The issues raised, ranged from concerns about ignoring the fundamentals of competent management in the search for inspirational leadership to the value of any separation of the two, in an environment in which the dominant requirement of effective management is handling change, a process traditionally seen as central to successful leadership.

3.1.4. There was broad acceptance of the proposition that leadership and management are interdependent and rely (equally) on each other to support individual and organisational effectiveness. The ability to adapt to different situations and adopt appropriate roles seems crucial to effectiveness in contemporary organisations. This "style flexibility" was seen to extend beyond leadership and management to a willingness and capability to support and follow others when appropriate to the needs of the situation.

Different situations demand different roles for managers, leaders and leader-managers. The role of the manager/leader is increasingly one of a “mobile executive” who “takes a core of skills into a range of situations”.

3.1.5. Leadership research and development in the UK is limited in scale and scope. Much of the work that exists stands outside the mainstream of business and management education and research. A great deal of the work that is undertaken is driven by broad, relatively loose, hard to research claims and counter-claims. The amount of substantive, empirical research into forms, roles and effectiveness is trivial. Not surprising this lack of support has pushed leadership to the fringes of the academic and (training) practitioner debate. Only the dedicated work of a small number of advocates has sustained any substantive body of knowledge outside of specialist work, for example, in the Army. The new Centre for School Leadership at Nottingham University is a promising attempt to address some, at least, of these issues of peripherality.

3.1.6. Participants in the study often argued that a key distinction between management and leadership lies in the nature of the two functions. Management, they argued, is a job to which people can be appointed by a formal process. Typically, this means that; there are identifiable characteristics and tasks, recruitment and selection processes can be specified while performance can be measured and competences defined. Leadership, in contrast, is often described as a role, which varies over time and between situations. This makes it harder to identify characteristics, tasks, recruitment or selection processes and performance measures. Rapid change makes it increasingly difficult to identify the leadership role with specific jobs or positions within hierarchies. A good example is the way in which leaders can emerge spontaneously to deal with challenges. They are rarely appointed – “...somebody does something weird and then other people around them sort of nod and then when they nod amazingly you are the leader”. The study suggests that these changes require leadership development programmes that start early, have extensive reach and range widely.

3.1.7. The move towards this type of leadership development programme is given added weight by the majority view that

the current environment requires that organisations seek out leaders at all levels in the enterprise. In key industries, especially those at the heart of the knowledge economy, top-down leadership is neither effective nor appropriate.

3.1.8. Opinions vary about the origins and potential sources of leaders and leadership. For some, “leaders are born” and the attributes that shape their leadership lie dormant until a specific environment, selection process, situation or crisis brings them to the fore. For others, leaders can be trained and the traits or attributes that determine leadership effectiveness can be developed. This study found little support in either the substantive literature, research, the views of experts or the wider opinions canvassed for the inherent or inherited characteristics – leaders are born – proposition. There was, however, a surprising degree of agreement that leadership capabilities can be learned, developed or released. The Armed Services, for example, have been effective in developing programmes and environments in which leadership potential and capabilities can be released.

3.1.9. The dominant view that emerged from this study is that effective leadership is a mixture of personal characteristics – many of which can be extended or developed – like creativity and risk-taking and learned behaviours such as communication and change management. The precise expression of these characteristics and behaviours can vary considerably between people and circumstances. Many of those involved in this project saw the shaping of these combinations, building up of the skills and capabilities to use them and releasing leadership potential as central to leadership development.

3.1.10. There is a clear belief that leadership could and should be developed alongside management capability in order to ensure synergy between them and enable as many people as possible effectively to meet leadership challenges and responsibilities as they arise.

3.1.11. There was broad agreement that some form of convergence between leadership and management was taking place. This convergence is expected to produce a new synthesis, which reflects the needs of contemporary

organisations in a changing economy. Within this new synthesis, command and control based hierarchies seem to be replaced by more partnership based working arrangements underpinned by powerful and effective operating systems. The strength of these systems is likely to be underpinned by the effective use of new technologies. A model is proposed which draws together key elements of this new synthesis.

3.1.12. While there are distinct management and leadership attributes, the role of management and leadership is not and should not be seen as separate - "The relationship between leadership and management is vital" - "Management's role is to carry out the strategic wishes of the leader(s)." - "Key aspects of the leadership role is increasingly important to management, especially creativity" – "Leadership and management are distinct but not separate". The link between leadership and management turns on building the capacity of individuals and organisations to deliver both the leadership and management roles when appropriate. The management roles of organising, planning and controlling and directing remain important aspects of organisational success. The key to the (converging) roles of managers and leaders lies in the ability of the leadership to adapt systems and structures to the needs of changing situations and groups while management's task is to deliver the desired outcomes.

3.1.13. Building the capacity to deliver either role, when necessary, is an increasingly important task for on and off-the-job development programmes - "most people ought to be able to adopt a leadership role when necessary." There is, however, little evidence that either form or content of development programmes are responding to this need. There are few development programmes taking place in Universities, Business Schools or among private sector providers that bring together these elements. Company based programmes may address aspects of these needs but the overall pattern is hard to quantify. The vast majority of company based programmes are operated by large enterprises. These, almost by definition, exclude new, small and entrepreneurial concerns.

3.1.14. Leadership (especially in the not-for-profit sector) is seen primarily as getting things done by seeking greater

effectiveness through 'alliances' with others - "You (now) need a much higher proportion of the workforce to be committed". The traditional view has been that there is a role for managers and leaders to motivate people. This project, however, has identified that, in a world where we are, for example, encouraging a workforce and individuals to take control of their own development, " The real priority is to encourage self-motivation"

3.1.15. The leadership tasks of creating a vision, articulating or embedding values need to be shared and can be "volatile". It is increasingly hard to separate the leadership and management roles. The leader-manager role centres on creating a virtuous circle in which the planning, controlling, and directing roles of management reinforce and build on the leadership roles of envisaging, inspiring and developing while the latter feed into the management roles.

3.1.16. Issues of integrity, respect for others and fairness emerged as central to the organisational cultures and philosophies that are most likely to support the development of leader-managers. The emphasis in integrity was closely linked to the high priority given by the new generation of leader-managers to respect for the individual, the community and the natural environment. This, in turn, led to leadership and management styles based on open communication, social responsibility and the active rejection of bullying, discrimination and other forms of anti social behaviour.

3.1.17. Diversity emerged as one of the recurrent themes of this project. As an issue, it took several forms. First, there was a widespread rejection of the "white, male stereotype" of leaders and management. There was widespread support for a major initiative to open up leadership and management opportunities to people of talent, regardless of gender, race or beliefs. Failure to provide these opportunities means that organisations miss out on sources of talent and capability that are essential to long term success. This failure was linked to the second aspect of diversity that emerged through this study. Successful organisations are increasingly operating policies that actively embrace diversity – in markets and among their workforce – as a source of competitive advantage. New leadership and management groups will need to symbolise and embrace this commitment to diversity

as a central feature in their organisational development. Diversity especially in the leadership group is a major asset.

- 3.1.18. The strategies used to achieve organisational success and change by the new leadership and management groups differ significantly from those that have dominated in the past. Top down, directive and authority based approaches are insufficient in an environment, which is open, rapidly changing and hard to predict. It is seen as crucial that the leadership is able to articulate a vision for their enterprise(s) that embraces the values of the organisations in ways that focus its core competences on areas of potential advantage.
- 3.1.19. The most effective organisations create, share and own a vision for the future "that will inspire effective responses" throughout the enterprise. Leaders, managers and others who create a culture that brings together those "aspirations represented by the wish to be associated with success" are increasingly important especially as people are "less willing to give loyalty blindly and more determined to negotiate relationships".
- 3.1.20. The elimination of traditional assumptions, expectations and beliefs imposes new pressures on those leading and managing organisations and produce a much greater need for the leader to become, for example, a "story-teller", providing a sense or justification of purpose - through explanation. The leader is no longer defined by the extent of their separation from the other members of the enterprise, as in the past, but the degree of their involvement. The roles of the manager and leader are clearly more public and need to be adapted accordingly. Leaders establish the vision and values, spot opportunities, innovate and inspire, but these must be underpinned by clear and strong management systems.
- 3.1.21. Although this project was designed to focus primarily on leadership and management, many strands of the work have exposed the need to consider the role of entrepreneurship either as part of managerial and leadership activity or in addition to them. Management, leadership, entrepreneurship and the associated characteristics of creativity, energy and drive are believed to be vital components of business (and individual) success.

3.1.22. Entrepreneurial skills and attributes emerged as integral to leadership and management almost regardless of organisational size. "The entrepreneurial role is to identify and take action to realise opportunities - leadership is needed to create the dynamic vision and values that underpin the success of the enterprise" - "The management role is to design and develop systems that convert the insight of the entrepreneur and the vision of the leader into sustained product and service quality that meets customer needs ... Entrepreneurship is often the driver behind the successful integration of leadership and management".

3.1.23. Changing expectations among the members of organisation for a work situation that enhances their life experiences are emerging. People, especially the most talented and dedicated, seek work situations that deliver enjoyment as well as satisfaction. Some participants in the study said that managers and leaders must create a working environment that is fun. This "fun" factor emerged throughout the project and was, specifically, identified by individual, business leaders as well as in focus groups. As one entrepreneur commented "without fun people (and organisations) become unproductive".

4. Project aims, conclusions and recommendations

- 4.1. The ways in which programmes and strategies can be developed to understand the links between the personal characteristics of leadership and the disciplines underpinning management
- 4.2. It is clear from this programme of work that substantive changes are occurring in the nature and appropriate forms of leadership behaviour and the links between the personal characteristics of leadership and the disciplines underpinning management. These changes require further study and the nature of these links greater specification. It is recommended that:
 - 4.2.1. Government through either the Economic and Social Research Council or the Departments of Education and Skills or Department of Trade and Industry sponsors a research initiative into Leadership in the Changing Economy. Initially, this would pick up the major themes of this research for, further, study
 - 4.2.2. Future reviews of the Management Standards should seek to incorporate a powerful leadership dimension into the personal competences model and revises the standards to reinforce the leadership dimensions of the core standards model
 - 4.2.3. Diversity emerged as a key theme in the study. The Management Standards should contain a powerful set of optional units on the effective management of diversity
 - 4.2.4. The Department for Education and Skills and the Department of Trade and Industry should work with the Commission for Racial Equality, The Equal Opportunities Commission and the Disability Commission to identify and highlight the leadership capabilities and potential of, hitherto, disadvantaged communities
 - 4.2.5. Providers of management, leadership and business education should be encouraged to strengthen the coverage of diversity within their programmes.

4.3. The quality of leadership and management is especially important to the success of high performance organisations. The effective integration of leadership and management can provide a competitive edge to these enterprises in home and overseas markets. It is therefore recommended that:

4.3.1. Following further, detailed development work the integrated model developed in the course of this programme of work is produced in a form that can be disseminated widely to RDAs, Business Links, Learning and Skills Councils and other business support agencies

4.3.2. A key element in this further development is the mapping of existing initiatives e.g. liP (UK), Management Standards etc against this model

4.3.3. The UK Business Link network explores the use of this model within their programme of support for high growth companies

4.3.4. A small number of pilot, training and development initiatives are designed and implemented to apply the model within high growth companies. This programme should be co-ordinated and involve at least 2 business schools, one other University provider and at least one private sector provider. Where possible this programme should link with the Venture Capital sector

4.4. Embedding leadership characteristics across management and across organisations remains one of the key challenges in organisational development. This programme highlighted the nature of the changes taking place and the barriers to change. It is therefore recommended that

4.4.1. Leadership development becomes an embedded feature in all management development programmes

4.4.2. Local Learning and Skills Councils work with providers and intermediaries to support leadership development programmes especially through Further Education

4.5. The line that is often drawn between leadership and management was seen as unproductive. It is therefore important

to build links between leadership development and management development.

4.6. In crucial areas, policy makers can act to reinforce leadership and management capability can be enhanced across the UK. It is therefore recommended that:

4.6.1. The Scottish Management and Enterprise Council, the Wales Management Council, the English equivalent and the Northern Ireland Management Council are invited to consider the specific needs of their communities and make recommendations on the way forward

4.6.2. Each Council should be provided with pump-priming funds to enable it to undertake preliminary work on this area

4.6.3. A Leadership Network web-site is established

4.6.4. The Management Code should be revised to incorporate a powerful leadership dimension

4.6.5. National Centres for Leadership Studies should be established in Scotland, England, Wales and Northern Ireland

4.6.6. UK Business Schools should place leadership at the heart of their programme developments.

4.7. The programme of work highlighted the crucial role that education, training and development in secondary, tertiary education and work based learning plays in leadership development (and the leader-manager). It is, therefore, recommended that:

4.7.1. Schools should be encouraged to develop leadership potential through formal studies and informal process

4.7.2. The new National Centre for School Leadership should be supported to engage in research and development to identify the optimum means of realising leadership potential in the young

- 4.7.3. A “Tomorrow’s Leaders” initiative should be considered which will involve Universities and other institutes of Higher and Further Education in a national programme of leadership development. Where possible this should be linked with entrepreneurship and new business creation programmes
- 4.8. This programme of work suggests that leadership is increasingly a ‘social’ rather than an individual property. The form and pattern of leadership especially in business seems to be the product of group interaction rather than individual characteristics.
- 4.8.1. The ‘natural’ development of leadership can be enhanced by training and development opportunities often made available or taken up during employment and, primarily, to achieve organisational objectives. The full range of attributes (including, for example, skills and competences) for leaders and leader-managers are more difficult to define and, as a consequence, more difficult to learn and be taught.
- 4.8.2. Experiential learning which appears to be especially important in leadership or leader-manager development is not sufficiently highly-valued, measured, audited or evaluated and, as a consequence, is not part of the accumulated learning of leaders and leader-managers.
- 4.9. The consensus of this programme of research is that practical policies and programmes can be developed that mean that leadership can be more effectively developed and how can the leadership process of groups be made more effective. Public programmes such as those at Bradford, Exeter and Nottingham – as well as private or company-based initiatives such as those organised by the Industrial Society in the UK confirm the experience from elsewhere that leadership potential can be developed and integrated with management.
- 4.10. There appears to be a strong case for Sector Skills Councils and others to provide more opportunities for the exchange and sharing of ‘knowledge leadership’ between leaders and managers and between organisations, especially in similar industry sectors or local business communities.

5. Research In Leadership and management in the Changing Economy

5.1. The last decade has seen a resurgence of interest in leadership, its attributes, the links between leadership and management and the effects of different types of leadership on organisational performance. This renewed interest in leadership is both surprising and predictable. The surprise comes from the century long success of management systems, structures and ideas which played down the importance of the (individual) leader in favour of the organisation, the team, the system even the committee.

5.2. Some of the largest, most successful firms in the world deliberately sought to reduce their dependence on individual leaders especially the entrepreneurial leader in favour of the organisational man. In his classic *My Years With General Motors*, Alfred P Sloan¹ emphasised the importance of “Co-ordination By Committee” while raising doubts about the contribution of leaders like Ford and Durant. The model of “management by committee” defined by Sloan was replicated in other North American giants like Standard Oil (and its successors like Exxon), General Electric and IBM and across US industry. Chandler² describes how versions of this model grew to dominate German industry through companies like Bayer. Even in the UK, where Chandler argues a more personal management style persisted, most major corporations like ICI, Shell, BP, GEC and Glaxo adopted a similar model

Definitions

5.3. The renewed interest in leadership is predictable because of the increasing difficulties of these enterprises and the systems by which they are managed. This renewed emphasis prompted some authors to review the definition of leadership in the type of economy that exists in the later twentieth century³. Authors like

¹ Sloan, A. P. (1986) *My Years With General Motors* Harmondsworth, Penguin

² Chandler, A. P. (1989) *Scale and Scope* Cambridge, Mass., Harvard University Press

³ Kotter, J.P. (1990) “What Leaders Really Do” Harvard Business Review May-June

Zaleznik⁴, Bennis⁵ and Adair⁶ distinguished between the personality types who became managers and leaders, the roles they performed and the satisfactions they sought. One author, for example, defines leadership as *the capacity to create a compelling image, translate it to action and sustain it* while another adopted the simple definition that *leadership lay in having followers*.

5.4. Beaulieu⁷ highlights the importance of leadership as “that intangible factor that makes one group more effective than another.” He goes on to show how thinking about leadership has shifted from an emphasis on leadership as “an inborn characteristic” to an emphasis on people’s potential for leadership, the process of leadership, the relationship with followers and the situations in which leadership is expressed. Beaulieu claims that “the combination most likely to produce a leader is the possession of the inborn characteristics desirable in a leaders plus the learned skills, knowledge and techniques which bring this potential to realisation” with identifiable follower groups.

5.5. In this type of definition leadership always involves the attempts of one person (or group) to affect the behaviour of others in a specific situation or activity. The attempts can be direct and/or indirect. The leaders and followers can vary between situations. People can adopt these roles voluntarily or face some form of compulsion. The Expert Panels established as part of this project highlighted the increasingly fluid nature of de-facto leadership roles even if de-jure leadership positions have not changed.

The challenge

5.6. The symbols of the difficulties faced by organisations can be seen on many levels. There is, for example, the loss of market power. The problem IBM faced in coping with the transformation

⁴ Zaleznik, A. (1983) “The Leadership Gap” The Washington Quarterly No6 Vol 1

⁵ Bennis, W. (1989) *On Becoming a Leader* New York Addison Wesley

⁶ Adair, J. (1983) *Effective Leadership* London Pan

⁷ Beaulieu, L.J. (1992) “Leadership: What is it” mimeo University of Florida

of the computer market is an especially powerful example of the challenge of change. On a more personal level, a series of books and articles highlight the difficulties faced by the top management of these giants. In *Welcome to the Revolution* the author⁸ described the “Massacre of the Aristocrats” as increasing numbers of the top management of giant corporations where sacked or accepted forced resignation. The sharply increased turnover among top managers of large companies has now been observed across the developed world.

5.7. Many of the difficulties faced by these organisations and their management reflect changes in the nature and rate of change in economies, markets and industries⁹. These changes challenge not only the capabilities of the businesses but the way they are managed and lead. Success seems to be going to enterprises like Microsoft, Intel, Dell, General Electric etc that have abandoned traditional types of managerial bureaucracies in favour of a different model. The language used within these organisations and to describe their operations employs terms like leader and leadership to define key features of their approach. When Jack Welch described the “transformation of GE” he said “when you get leaders who confuse popularity with leadership, who just nibble away at things, nothing changes¹⁰.”

The nature of Leadership in a modern society

5.8. Few authors have balanced more successfully than Warren Bennis direct experience of leadership with the serious, academic study of contemporary leadership. He argues¹¹ that “the key driver in the twenty first century is likely to be the speed and turbulence of change.” Many of these changes will not be linear. They will require an ability to rethink problems, redefine markets and devise new methods of solving problems. IBM, for example, approached the development of its first PC by using

⁸ Cannon, T. (1997) *Welcome to the Revolution* London, Financial Times Publications

⁹ O'Toole, J. (1995) *Leading Change: Overcoming the Ideology of Comfort and the Tyranny of Custom* New York, Jossey-Bass

¹⁰ Slater, R (1993) *The New GE* Homewood, Ill., R.D.Irwin

¹¹ Bennis, W. and Nanus, B. (1985) *Leaders: The Strategies for Taking Charge* New York, Harper Collins

the business methods that had served it well over the previous thirty years. Bill Gates saw the challenge differently. IBM focussed on control on the manufacturing system and hard selling while Gates sought control of the operating system and careful branding. The former was vulnerable to a host of new entrants while the latter gave Microsoft access to every manufacturer, software company seeking IBM compatibility.

5.9. With rapid, hard to predict change dominating industries, leaders will have “to place high-stake bets on emerging technologies whose benefits can only be partly understood in advance.”¹² The custodians of these technologies will often be new types of workers with far greater freedom and flexibility than traditional workers. These new workers are not only the Knowledge workers who control the technical or scientific knowledge but market or technological gatekeepers whose power lies in defining the ways technologies can be built into production, service or marketing systems. Traditional control or loyalty systems are increasingly ineffective. The story of the investment banker who quit, saying to his boss “if you want loyalty, get a dog” may be a myth but it describes an increasingly powerful phenomenon.

5.10. Understanding the role and distinct contribution of everyone in the enterprise is important in this vision of leadership and enterprise. Following ceases to be passive and becomes more of a joint collaboration. This does not devalue the tradition role of followers¹³ but it provides new opportunities and additional dimensions¹⁴. The Expert Panels placed considerable emphasis on the extent to which followers define the leadership role.

5.11. The type of analysis undertaken by Kelley on the relationship between leaders and followers has prompted some companies to use a different language. They replace terms like employee with partner, colleague – even in the case of Disney, members of the caste. Kelley sees this shift in language and thinking as a

¹² Toffler, A. (1980) *The Third Wave* New York, William Morrow

¹³ Kelley, R.E. (1992) “In Praise of Followers” Harvard Business Review May-June

¹⁴ Heller, T. and Van Til, J. (1995) “Leadership and Followership” Journal of Applied Behavioural Science Vol 18 No 2

reflection not only of the new role of leaders but the increasing dissatisfaction of followers of the role, contribution and capability of the leaders. He¹⁵ found that “from the followers point of view;

- Two out of five bosses have questionable abilities to lead
- Only one in seven leaders is someone that followers see as a potential role model to emulate
- Less than half of the leaders are able to instil trust in subordinates
- Nearly 40 per cent (of leaders) have ego problems – are threatened by talented subordinates, have a need to act superior, do not share the limelight.”

5.12. In an environment in which the key to success lies in tapping the knowledge, commitment and talent of all members of the enterprise, these criticisms pose major problems for organisations.

5.13. This emphasis on the need for involvement is not new. There is a Chinese proverb which says:

Tell me and I'll forget;

show me and I might remember;

involve me and I'll understand.

The power of this involved, participation-based relationship is reinforced by many of the industrial changes occurring around us and was given particular emphasis in the expert panels.

The State of Knowledge

5.14. There is a vast literature on leadership. *Bass and Stogdill's Handbook of Leadership* lists almost 8000 studies on leadership¹⁶. Analysis of this literature suggests that, although there are some common themes in the literature of leadership over time and in different environments, there is a shift in the

¹⁵ Kelley, R.E. (1992) *The Power of Followership* New York, Doubleday

¹⁶ Bass, B.M. (1990) *Bass and Stogdill's Handbook of Leadership* New York, Free Press

nature of this analysis and the emphasis given to key issues in the more recent research and writing. Bennis, for example, sees signs of a “leadership crisis (that) are alarming and pervasive”¹⁷. In part, this “crisis” reflects a failure to appreciate the distinctive nature of the leadership role in an environment in which established “certainties” no longer hold true. Equally, the complexity of the leadership role¹⁸, the need to balance idealism and pragmatism, generate trust in followers while being highly focused and the balance between situational and personal features of leadership is seldom fully appreciated¹⁹.

Traditional models and their economic / industrial base

5.15. Miller²⁰ reminds us that “as long as humans have trod the planet – some 1.7 million years – there have been leaders. The first ones, no doubt, were the daring individuals who organised the desperate communal expeditions by prehistoric hunter-gatherers seeking food.” No doubt, the first attempts to explain why certain people led and others, with differing levels of enthusiasm followed, occurred soon after. The earliest recorded writings of many civilisations include attempts to explain, justify or provide guidance on leadership. Two and half thousand years ago Lao Tzu wrote;

*A leader is best
When people barely know he exists
Not so good when people obey and acclaim him
Worst of all when people despise him.
“Fail to honour people,
They fail to honour you”;
But of a good leader, who talks little,
When his work is done, his aim fulfilled,
They will all say, “We did this ourselves.”*

5.16. From Aristotle with his view that “men are marked out from the moment of birth to rule or be ruled,” through Machiavelli to

¹⁷ Bennis, W. (1996) “The Leaders as Storyteller” Harvard Business Review Jan-Feb 1016

¹⁸ Burns, J.M (1978) *Leadership* New York Harper and Row

¹⁹ Gardiner, H. (1995) *An Anatomy of Leadership* New York, Jossey-Bass

²⁰ Millar, W. (1996) “Leadership at the Crossroads” Industry Week August 19 p42ff

Hobbes the emphasis on attempts to understand leadership concentrated on politics and military leadership.

5.17. The industrial revolution, however, shifted the emphasis. Industrial and economic success seemed closely linked with the achievements of a new type of leader who built industrial enterprises, opened markets and innovated. Adam Smith might write about “the invisible hand” which shaped markets and industries, but the industrial muscle behind the hand was driven by people like Josiah Wedgwood, Richard Arkwright, George Stephenson and Matthew Boulton. Britain’s industrial success prompted others to seek ways to match or exceed its achievements. Attempts to understand the nature of economic or industrial leadership played an important part in this effort to stimulate economic success.

5.18. The prevailing beliefs about leadership are well illustrated in the writings of entrepreneurs like Carnegie, Ford and Edison. Carnegie believed that “the rising man must do something exceptional²¹.” Ford argued that “the man who has the largest capacity for work and thought is the man who is bound to succeed²².” Edison, not surprisingly, emphasised the ability to think with his view that “why do so many men never amount to anything? Because they don’t think²³.”

5.19. These writings tended to assume that there were relatively few people with leadership potential. These people were best used at the top of organisations and they provided the enterprise with its sense of direction. These bosses, it was assumed, operated rather like military leaders through chains of control with their effectiveness based largely on their success in bending the organisation to their will. McGregor²⁴ summarised this view by saying that “traditionally, leadership has tended to be equated with autocratic command and there are still many who see leadership mainly in terms of the issuing of orders which are

²¹ Carnegie, A (1885) *The Road to Business Success*

²² Ford, H. (1922) *My Life and Work*

²³ Edison, T. (1948) *The Diary and Sundry Observations*

²⁴ McGregor, D. (1960) *The Human Side of Enterprise* London McGraw Hill

eagerly obeyed by followers whose loyalty is largely determined by the charisma of the leader.”

5.20. Much research²⁵, analysis and comment focussed on the types of people that could win such commitment or the personality traits shown by them. Reddin²⁶, however, noted over thirty years ago that although “the appeal of this approach is that it is easy to understand, appears sensible and is widely used ... There is no agreement on the best traits that fit all situations, that there is no evidence, that one group of traits predicts effectiveness generally and there are now well over a thousand traits to deal with.” There is little evidence that, for example, the number of traits has reduced as the search for the magic bullet of leadership continued. Concern about this hierarchical model was not confined to academics. In *Up the Organisation*, Bob Townsend²⁷ advised that “all decisions should be made as low as possible in the organisation. The Charge of the Light Brigade was ordered by an officer who wasn’t looking at the territory.”

5.21. Criticism of the hierarchical, charismatic model of leadership has grown as the pace of change has increased and organisational forms have adapted to new conditions. While charismatic leaders can²⁸ “incorporate their followers’ hopes, dreams and aspirations” while releasing untapped personal energy; they can also blind the organisation to change, produce a dependency culture, misread internal and external signals²⁹. Their failures can be as exaggerated as their successes. Charismatic leaders can take the enterprise through massive change but they are vulnerable to continuing change, blurred signals and shifts in conditions that require the entire enterprise to be sensitive rather than (just) a specific individual³⁰.

²⁵ Brungardt, C. (1996) “The Making of Leaders: A Review of the Research in Leadership Development and Education” Journal of Leadership Studies Vol 3 No 3

²⁶ Reddin, W. (1970) *Managerial Effectiveness* London, McGraw Hill

²⁷ Townsend, R. (1970) *Up the Organisation* Greenwich, Conn., Fawcett Crest

²⁸ Howell, J. and Aviolo, B. (1992) “The Ethics of Charismatic Leadership” Academy of Management Executive Vol 6 No 2

²⁹ Conger, J. (1990) *Organisational Dynamics* New York, AMA

³⁰ Manz, C. and Sims, H. (1993) *Business Without Bosses* New York Wiley

Pyramids, Billiard Balls and Machines

5.22. Millar³¹ argues that “although every era brings distinct economic, technological and geopolitical changes to which industrial leaders must adapt, the end of the twentieth century seems unique. Five powerful forces are converging to alter profoundly the traditional model of an industrial leader.” He identifies these forces as; employee empowerment, corporate restructuring, the digital or knowledge economy, globalisation and the pace of change. Dana Mead Chair of the US National Association of Manufacturers developed this theme further in arguing that “to be successful, leaders will need to be less arbitrary, more directly involved in what is going on, on the shop floor, more personal ... more action oriented.”

5.23. This notion of a shift in persona and style sees a move from hierarchical models of organisation where people bounce off each other like billiard balls – where the organisation is a machine to be controlled and driven. Instead more open, organic structures will predominate in which leadership behaviour is involved participatory and might not even make decisions as such³². Marvin Bower³³, the founder of McKinsey, rejects the great man theory of leadership with its demands for “vastly superior or unusual qualities.” He argues that “countless individuals possess all of the qualities necessary for effective business leadership.” The trick is to develop the systems to allow them to realise their potential.

5.24. Bennis³⁴ proposes that this focus on leadership permeating organisations reflects a shift in the priority given to certain types of leaders, leadership qualities and the nature of leadership. Bennis suggests a move from one type of leader to another as outlined in Figure1

³¹ Millar, W. (1996) “Leadership at the Crossroads” *Industry Week* August 19 p42ff

³² Argyris, C. (1976) *Increasing Leadership Effectiveness* New York, Wiley

³³ Bowyer, M (1966) *The Will to Manage*

³⁴ Bennis, W. and Nanus, B. (1985) *Leaders: The Strategies for Taking Charge* New York, Harper Collins

Figure 1 - Likely Model of Twenty First Century Leadership

From	To
Few leaders, mainly at the top; many managers	Leaders at every level; fewer managers
Leading by goal setting; e.g. by near-term profits, ROI	Leading by vision – new directions for long term business growth
Downsizing, benchmarking for low cost, high quality	Also, creating domains of uniqueness, distinctive competences
Reactive/adaptive to change	Anticipate/futures - creative
Designer of hierarchical organisations	Designer of flatter, distributed, more collegial organisations; leader as social architect
Directing and supervising individuals	Empowering and inspiring individuals, but also facilitating teamwork
Information held by few decision makers	Information shared by many, both internally and with outside partners
Leader as boss, controlling processes and behaviours	Leader as coach, creating learning organisations
Leader as stabiliser, balancing conflicting demands and maintaining the future	Leader as change agent, creating agenda for change, balancing risks, and evolving the culture and technological base
Leader responsible for developing good managers	Leader also responsible for developing future leaders; serving as leader of leaders

5.25. Some researchers go even further and challenge the still, predominantly top-down model implied by Bennis. Tapscott³⁵, for example, suggests that as “the responsive, entrepreneurial business team (becomes) the key organisational entity” the leadership role needs to be undertaken (at different times and in diverse situations) by all or most members of the enterprise. For John Kotter³⁶ this type of leadership strategy “empowers other managers and employers.” There may be “one or two unusually capable leaders on top” but their effectiveness is based on communicating “their visions and strategies broadly ... (obtaining) understand and commitment from a wide range of people ... (motivating) large numbers of their middle managers ... (and, building) ... coalitions.”

The digital and knowledge economy

5.26. This is not a wholly new vision. A hundred years ago J. Ogden Armour, who built a giant meat processing company in the USA, said³⁷ that “we run our business so that everyone, from the latest office boy all the way up the line, knows the business of the man just ahead of him.” In the same vein, Richard Sears³⁸ argued that “an employer should expect and should encourage his men to take the initiative and make mistakes.” Changes in the nature of economies especially the shift from large scale, capital intensive industries to smaller scale, knowledge intensive industries appear to require deeper and more widespread changes in the nature and role of “leaders” and “followers.”

5.27. Clark³⁹ claims that “multiple technological breakthroughs, shortening product life-cycles and rapidly changing markets are together forcing the pace of paradigm shifts in management. Today management thinking must continually confront

³⁵ Tapscott, D. and Caston, A. (1993) *Paradigm Shift: The New Promise of Information Technology* New York McGraw Hill

³⁶ Kotter, J. and Hesketh, J.L. (1992) *Corporate Culture and Performance* New York, The Free Press

³⁷ Forbes, B.C. (1918) *Men Who Are Making America*

³⁸ Sears, R.W. (1910) “The Men Behind the Guns of Business” in *Personality in Business* New York, The System Company

³⁹ Clarke, T. and Clegg, S. (1998) *Changing Paradigms* London, Harper Collins

uncertainty, paradoxes, trade-offs and continuity.” Locke⁴⁰ moves from describing *The Collapse of the American Management Mystique* to describe a fundamentally different model of manager/leader for the new economy.

5.28. The growth of the Digital or Knowledge Economy is a vital driver of these changes. The latest US research⁴¹ suggests that “this past year, electronic commerce has grown beyond almost everyone’s expectations.” The same study estimated that “by 2006, almost half of the US workforce will be employed by industries that are either major producers or intensive users of information technology products.” The Digital Economy is only one aspect of a growing importance of the knowledge industries.

5.29. The drivers of the new economy are significantly different to the forces which shaped the industrial base for much of this century. In fig 2 some of these changes are outlined.

Figure 2 - New Conditions

Old Economic Conditions	New Conditions
➤ Physical Technology	➤ Information Technology
➤ Capital Centered	➤ Human Centered
➤ Mobilising Labour	➤ Mobilizing Enterprise
➤ Material Growth	➤ Sustainable development
➤ Hierarchies	➤ Decentralization
➤ Conflict	➤ Co-operation

⁴⁰ Locke, R.R. (1996) *The Collapse of the American Management Mystique* Oxford, Oxford University Press

⁴¹ US Department of Commerce (2000) *The Emerging Digital Economy II* Washington, Department of Commerce

5.30. Peter Senge was not only one of the first⁴² to highlight the growing importance of knowledge industries to economic success but he highlighted the different needs and expectations of knowledge workers. He points out that “it’s just not possible any longer to figure it out from the top and have everybody follow the orders of a grand strategist. The organisations that will truly excel in the future will be the organisations that discover how to tap people’s commitment and capacity to learn at all levels.” Even earlier John F Kennedy expressed a complementary sentiment when he said that “leadership and learning are indispensable to each other.”

5.31. The effectiveness of knowledge workers will increasingly determine the success of the knowledge-based companies that dominate industrial competitiveness⁴³. These knowledge workers are, however, significantly different from the type of work that has dominated most industries this century. Knowledge workers expect and seek economic value, freedom and power because they own the means of production, manage their own control systems, supervise themselves, manage their own networks and are able to break down barriers and create new opportunities for themselves and their own businesses.

5.32. The traditional leadership paradigm with its emphasis on the “inbred superiority which gives them (the leaders) a dominating influence over their contemporaries⁴⁴” is not only inappropriate but is counterproductive with these workers. Even traditional definitions of management like “management is about getting things done through others” seem equally inappropriate. Leadership in this economy is about “creating frameworks for participation that draw in and co-ordinate the efforts of disparate actors⁴⁵.” Attributes like enterprise, energy, determination, resilience, restless, independence and decisiveness gain their value from liberating these same capabilities in others.

⁴² Senge, P. (1994) *The Fifth Discipline* London, Nicholas Brealey

⁴³ Cleveland, H (1985) *The Knowledge Executive; Leadership in a Knowledge Economy* New York Dutton

⁴⁴ Quoted in Adair, J. Adair, J. (1983) *Effective Leadership* London Pan

⁴⁵ Moore, J.F. (1998) *The Death of Competition* New York, Harper Collins

The relationship between management and leadership

5.33. The line between leadership and management has long been debated. For some authors, leadership and management are wholly separate, potentially conflicting, phenomena. Hughes et al⁴⁶ describe a dichotomy as outlined in figure 3.

Figure 3 - Managers and Leaders

Managers	Leaders
Administer	Innovate
Maintain	Develop
Control	Inspire
Adopt a short term view	Have a long term view
Ask how and when	Ask what and why
Imitate	Originate
Accept the status quo	Challenge the status quo

5.34. Others see leadership and management as different points along a spectrum where leaders are more personal, more open, more global and emphasise value, expectations and context while managers are more objective, place a greater emphasis on focus and direction⁴⁷. This approach tends to identify leadership with inspiration and roles while the management is preoccupied with activities and jobs⁴⁸. Leaders in this model are especially effective during periods of change while management (or the management end of the spectrum) is more important to organisation during periods of relative stability⁴⁹. The turbulence

⁴⁶ Hughes, R.L., Ginnett, R.C. and Curphy, G.J. (2000) *Leadership; Enhancing the Lessons of Experience* New York Irwin McGraw Hill

⁴⁷ Fairholm, G. W. (1991) *Values Leadership* New York, Praeger

⁴⁸ Snyder, N.H., Dowd, J.J. and Houghton, D.M. (1994) *Vision, Values and Courage* New York, The Free Press

⁴⁹ Bass, B. M. (1985) *Leadership and Performance Beyond Expectations* New York, The Free Press

in current economies and the emergence of new organisation forms⁵⁰ partly explains the new interest in the relationship between leadership and management.

⁵⁰ Bleeker, S. (1014) "The Virtual Organisation" The Futurist March-April

A Conceptual Model - Management is not enough

- 5.35. It is reasonable to argue that “management is not enough – successful organisations need leadership⁵¹.” This does not reject the traditional management functions of planning and co-ordinating but suggests that change, allied to the new expectations of a different, more diverse workforce and competition in a more open, global marketplace calls for many of the behaviours associated with leadership. Workers, colleagues and partners who are increasingly autonomous, operating outside traditional lines of control and expected to arrive at solutions within bounds rather than to specification need to trust, be inspired, understand the organisations values even adopt the role of leader or follower in different circumstances.
- 5.36. A new conceptual framework is needed which reflects not only the needs of the new leadership vision but the continuing importance of the operational, developmental, focussing, quality, planning, organising, scheduling, allocating tasks traditionally linked with the management disciplines. There is no evidence that these roles and tasks will reduce in importance. There is, however, abundant evidence that new dimensions to these roles are needed. Equally, the self-focussed view of leadership is not only redundant but also dangerous. A new synthesis is needed which is as relevant to the needs of the twenty first century as the owner manager / technician was to the nineteenth and the professional managerial bureaucrat was to the twentieth.
- 5.37. The components of this new conceptual framework are described in fig 4. This new conceptual framework will need to deal with the different jobs and roles of leaders, managers and followers while tackling the increasing complexity of their roles in an environment in which complexity increases while problems of clarity, structure and ambiguity persist.

⁵¹ Richer, J. (2000) *Richer on Leadership* London, Richer Publishing

Figure 4 - The New Conceptual Model

Traditional Leadership	Traditional Managerial	New Leader-Manager
Envision	Direct	Learn
Communicate	Develop	Encourage
Inspire	Focus	Open
Energise	Plan	Handle ambiguity
Create	Schedule	Break down barriers
Innovate	Allocate	Partner
Discover	Delegate	Encourage
Spot opportunity	Provide Continuity	Enable
Mobilise	Manage Quality	Co-create

5.38. Alongside this, there is burgeoning evidence that developing leader-managers who can perform both roles (besides being effective followers where necessary) is necessary⁵². Education, training and development models based on narrow role definitions, hierarchical models are struggling to cope with the pressures of changes in management. There is no scope for losing sight of management but definitions will need to build in co-creation and the power of visions and values to determine the effectiveness of managerial actions especially during change.

5.39. The challenge of developing leaders (or leader-managers) is made more difficult by the persistence of the “school of hard knocks” model of leadership. This does not seem to have progressed far beyond the approach adopted in *The Pickwick Papers*⁵³. “I took a great deal o’ pains with his education, sir; let

⁵² Vroom, V.H, (1988) *The New Theory of Leadership: Managing Participation in Organisations* Englewood Cliffs, NJ Prentice Hall

⁵³ Dickens, C. (1862) *The Pickwick Papers*

him run the street when he was very young, and shift for his-self. It's the only way to make a boy sharp, sir." Argris's double cycle of learning⁵⁴ with its emphasis on both the acquisition of knowledge and its application has been a powerful influence of such successful leadership development as that used, for example, at Matsushita Industries⁵⁵.

Different models of and perspectives on leadership

5.40. Much leadership behaviour is rooted in specific actions or activities. The notion of action centred leadership emerged to describe the need to appreciate that leadership is frequently reflected in specific actions. Embedding the capacity and will to adopt a leadership role, where appropriate, is now part of much military leadership training. Some elements of the same discipline may need to be designed into leader-manager recruitment, training and development especially where the context specific nature of action is crucial.

5.41. Contingency theory has addressed this need for the leader-manager to adapt their behaviour to the needs of diverse followers and different situation. Development initiatives will need to recognise that different forms of leadership behaviour such as Directive Leadership, Supportive Leadership, Participative Leadership and Achievement-oriented Leadership will vary in their effectiveness depending on the situation and the needs of followers. Core management competences e.g. managing activities, resources, people and information, under this model, remain relatively constant. There is, however, a degree of follower definition of the leadership role that will be a crucial element of the leader-manager role in the more open, knowledge based enterprises that are increasingly important.

Personal and learned attributes of a leader

5.42. The emphasis on the leader-manager does not negate or deny the potential importance of the charismatic or heroic leader in specific circumstances. Charismatic leadership is often defined in terms of the powerful emotions these leaders stimulate in their

⁵⁴ Argyris, C. (1976) *Increasing Leadership Effectiveness* New York, Wiley

⁵⁵ Kotter, J. (1997) *Matsushita Leadership* New York The Free Press

followers (and opponents). This type of leadership can be essential where situations need to be transformed quickly with a maximum of engagement and a minimum of debate. The strengths of the charismatic leadership model are, however, its weaknesses especially where considered engagement and reflection is important. Reservations about charismatics and heroes has prompted those who want the vision, determination, resilience, restlessness, independence and decisiveness but worry about the lack of thought, blind obedience and poor succession to explore alternative models. The notion of transformational leadership is used to describe those leader-managers who change the status quo by appealing to followers' values, sense of higher purpose and rationality. The leader-manager's role is to use these features to establish a moral leadership role built on trust. This, almost, by definition is a more two-way, flexible relationship built around a mixture of situational diagnosis, operational competence and role flexibility.

5.43. This model may have particular relevance to entrepreneurial leadership in the new economy. Economies, industries and (hence) policy makers face a genuine dilemma in addressing the evolving pattern of entrepreneurship in the new economy. There is little doubt that small and medium sized enterprises will play an increasingly important role in economic development over the next decade or more. This may be a temporary phenomenon as markets and economies adapt to the new economy. A similar process of fragmentation occurred at the start of the first and second industrial revolutions. When Henry Ford produced his first car, there were 570 other car manufacturers in the USA alone. Within, twenty years, there were less than a dozen and the two largest employed over 500,000 people. It is, also, possible that fragmentation will be the dominant feature of the new economy.

5.44. There is, however, sufficient evidence to suggest that whichever pattern exists that will be a significant difference in economic impact between high added value, high growth firms and low added value, nil or low growth enterprises. The attributes, aspirations and competences of the entrepreneurial leader-managers who create the former will be materially different to those individuals creating the latter. Crude start-up rates are a poor indicator of the pattern that is likely to emerge. Calcutta, for example, has higher rates of business start-up and "ownership" than the Bay Area of San Francisco but these ventures create little added value. Failure to focus on

entrepreneurial leader-managers who can build high added value, high growth firms create an economy of low added value enterprises which are merely unemployment substitutes.

5.45. The expert panels undertaken as part of the project placed considerable emphasis on the priority that should be given to building this type of high achievement, “Silicon Valley” effect. These businesses may need to adopt different organisational models, values or patterns of behaviour. The lines between enterprises may blur, as partnership becomes a vital component in organisational development while the capacity of the leader-manager to adapt to new conditions grows in importance.

5.46. Two distinct patterns were identified in the literature and the expert patterns. The first is the breakdown of traditional organisational boundaries. Much business success in the past seemed to involve an ever-tighter definition of the enterprise and its boundaries. Writers like Burns and Stalker⁵⁶ wrote about the importance of “boundary definition” while business work to extend their span of control. This seems to be eroding with far more emphasis on partnerships. These can be vertical (along the supply chain) or horizontal (even between former competitors). Coalition building is an increasingly important leader-manager skill.

5.47. Second, the narrowly focussed entrepreneur, even manager, may be giving ground to entrepreneurial leader-managers who manage portfolios of activities or businesses. These may be wholly distinct e.g. electronics, fast food and publishing or linked in some form such as software systems, Internet trading and training. Portfolio management seems likely to reinforce the trend toward shared or collaborative leadership where power, authority and position are redistributed. Functional arrangement may be more organic or designed around dyads, triads or other open structures.

A conceptual model

The conceptual model that emerges, links the three sets of features illustrated in Figure 4 with the capacity to manage across a portfolio of

⁵⁶ Burns, T and Stalker, G. (1961) *The Management of Innovation* London, Tavistock

enterprises or activities and define (or redefine) the enterprise while maintaining a sense of direction or purpose.

Annex 1 – Expert Panels report

Key Discussion Points raised from the Expert Panels

1. Definitions of leadership
2. The importance and endurance of the issue of leadership
3. The importance of a leaders ability to follow as well as lead
4. Leadership in non-northern/western society
5. Equal emphasis on the importance of leadership and management
6. Training in leadership alone will not make a bad manager a good one
7. Issues and discussions surrounding how one becomes a leader
8. Changes in contemporary organisational structure and its impact on leadership and management
9. Notions of the 'charismatic' and/or 'heroic' leaders
10. Agreement that leadership could be developed alongside management skills and/or competencies
11. All members of the panel supported the broad aims of the project, with many offering continual support

Leadership and management in the Changing Economy

Summary Results of the Expert Panels

Context

Two expert panels were arranged as part of the work programme on the METO project; Management and Leadership in the Changing Economy, for the Departments of Education & Skills and Trade and Industry. The purpose of the expert panels was to bring together the views of different experts on leadership from a range of backgrounds. The participants ranged from senior business school academics through to corporate leadership and management development experts and consultants through to other public sector experts including academic researchers and a Member of Parliament.

Two panels were held in London during September 2001. There were significant differences in the size and structure of the two panels. The first was large (14 participants) and the second was smaller (6 participants). The first panel had a relatively broad membership with experts from business, consultants, the voluntary sector and more traditional academics. The second panel fitted more to the traditional model with a stronger academic bias.

Inevitably the differences were reflected in some aspects of the process and content of the panels, with the second going more into depth while the first approached issues from a wider range of perspectives.

The Role of Expert Panels

At the start of both panel meetings there were discussions about the role of the expert panels. It was explained that the panel was not going to operate like a conference (Appendix 1, Expert Panel Slide 2). There was an indicative structure for the sessions but this could be expanded, contracted, re-organised to fit in with the views of the experts present.

It was explained that the goal was to ensure the issues discussed were the panels' issues not those of METO. Tom Cannon explained, "If you think we've covered the wrong issues or the wrong issues are there, please feel free to stop ... if you want to amend the structure as we go I am happy to do that. If you want us to vary or deviate I am happy to do that."

The Structure for Discussion

The broad structure of the discussion was outlined in two slides (Appendix 1, Expert Panel Slides 2&3). There was general agreement at both panels that the issues raised were both important and relevant. Some panel members, however, identified other issues or argued for a greater emphasis on specific topics. Professor Ian Gow, for example, argued that the approach seemed a little ethnocentric with too little attention to different non-Northern/ Western views. He argued for consideration of Asian models notably the Japanese Chairman-Leader. Simon Greenly argued “I have three roles at the moment. One is to be Chairman of Greenlys and our obsession at Greenlys is sustainability and trying to understand the link between that and leadership and learning.” Eddie Obeng wanted much of the discussion to be placed “in the context of the people being led, and somewhere in the discussion we have to talk about attitudes amongst the people within organisations who are being led, so that we can make grounded reality because you can get carried away talking about the leaders and forget those who have to be led.” It was agreed to address each of these issues and place added emphasis on the issue of “followers”.

The Nature of Leadership in a Modern Economy

There was general endorsement in both panels for the proposition that “there is no theme in management literature which is more enduring than leadership.” However, participants in both panels were wary of too much emphasis on leadership at the expense of management. Roger Trapp summarised many of these views with his comment “a lot of the time people are getting too carried away with leadership and not being good enough managers.” Despite this and without denying its importance there was broad agreement with the notion that the pace of change meant according to Darren Short, “what we need for the next century is more leadership.”

There were interesting and lively debates on this balance with Chris Roebuck commenting, “I can think of at least one example of a major institution that sent a senior manager away to Harvard to boost his strategic and leadership skills, having actually neglected to train the manager how to delegate and communicate in the first place. So he just came back as a slightly more knowledgeable bad manager.” In essence, both panels expected a blurring of leadership and management. Equally important, the line between followers and leaders would also erode as the “passive/slavish” notion of followership was overtaken by active partnership where leadership and followership roles

can vary over time. Gerry Randall pointed out that “leaders should also be followers.”

The Relationship Between Leadership and Management

The debate on ‘change’ raised many of the core issues about the relationship between leadership and followership. In Panel One there was considerable support for Simon Greenly’s view that “if we are talking about leadership, I would be thinking of providing direction, creating team work, providing inspirations, setting an example and being seen to make a contribution at the same time. If I were talking about management I’d be thinking about allocating scarce resources. I’d be thinking about control. I’d be thinking about tactical things, I’d be thinking about administrative systems and in my mind I would have those kind of differences on the continuum.”

There were important added dimensions to this analysis. Eddie Obeng explored the process by which people take on leadership roles. Neither panel believed that anyone could be “appointed” to leadership. Eddie Obeng pointed out that “usually the discussion around how you become a manager centres on how well you do good stuff and then one day another manager says you are now manager, arise. Whereas if you look at how leaders seem to happen is somebody does something weird and then other people around them sort of nod and when they nod then amazingly you are the leader.”

There was more discussion of this balance between management the job and leadership the role in the second panel. This centred on the discussion about the learned elements of leadership. Gerry Randall was close to a consensus when he argued that “leadership skills can be learned,” just like management skills.

Corporate development programmes try to distinguish between the two roles. James Humphrey pointed out that Unilever saw “managers managing the content of work while leaders set the context.” Unilever identifies “leadership or leading others as one of its management competencies so there is an expectation that it will be one area that perhaps some of its managers can become good at, and we actually have other competencies that support some of the things that might fall into a general definition of leadership such as the team working element, developing others, and influencing others. The creativity, the bit we are really looking at, is this emotional idea of one who inspires others to higher standards of performance and one of the things that we are trying to get is this idea of outputs, so that people are actually

performing, delivering, achieving and it's the element of leadership which is lifting them to a higher level."

Different Models of and Perspectives on Leadership

These perspectives on leadership are fluid and dynamic today. Paul Coombes of McKinsey said "many people view organisations as pyramids – that sort of mental construct they have. They view organisations as billiard tables, in a fixed order, tightly separated from other organisations. They, also, view organisations as machines and the leader is the sort of person who stands outside the machine and maybe puts a bit of oil in, but is not actually part of the machine and everyone else including the managers are sort of woven into the machine, those are the cogs and so on.

I think that whole set of symbols is outdated now. It was probably once true to a degree, but it is outdated the post industrial economy is very much around networks rather than hierarchies and co-creation of good ideas, of things to be done, of actions to be undertaken, and that calls for leadership in a less individualised way of thinking. Much more about how networks can work together very, very effectively. The initial contrast between leadership and management is not one that I see in the same way now and one might have seen it a few years ago."

Throughout the discussion there were strong reservations about the "heroic," "charismatic" models of leadership and considerable emphasis on leadership as a two way process. The context or situation in which leadership is expressed was discussed with John Bank stating that, "you have to look at the individual, you have to look at the team and the task and it's an easy model to apply. For a situational, leadership model I guess that Blanchard is right, or are you talking about a three dimensional model. That says a leader is directive and a leader is also relationship orientated. He is supportive, directive is one way, communication and supportive is two way communication and then all of this is mixed in terms of how the follower is brought into the equation.

I would think a leader has to bring about diversity in the workforce and that's his primary focus today. To create a diverse workforce – going across all kinds of national, racial, religious barriers - to pull together a team that's effective because they are different and because they make different contributions, but that's not an attribute, that's a behaviour, it's a kind of agenda the leadership have and then if you take the attribute thing, when you are talking about leaders are born and not made and that's dangerous, because we are talking about creating leaders and facilitating the process."

Visions and Images of Leadership for the Future

The notion that leadership roles (and with them management roles) are shifting in the face of technological, social, market and environmental change was shared by most of the panel members. Paul Coombes argued that alongside these changes there is an associated need for leaders to “create meaning for people and help their co-workers achieve fulfilment.” He emphasised those aspects of the new technology venture businesses as “there are a lot of very motivated people there who are feeling a sense of purpose about what they are doing and in many large organisations today you don’t find that.”

This view produced a high degree of agreement in both panels of the leadership role in making a difference with one speaker saying that traditionally it was the leaders role to make people think, “he or she (the leader) could make a difference,” while now the leadership role was to make “all those involved in an enterprise think they could make a difference.” Roger Trapp added a touch of realism to this analysis with his view that “one of the great challenges for leaders at the moment, because I think for lots of people – there is a huge amount of dissatisfaction or frustration with the fact that people hear all this stuff going on but in fact in a lot of the organisations that they are in, they are still led or managed in the same way that they have always been led and managed.”

Jean Woodall picked up this point in saying that “the motivation of management and knowledge workers often flies in the face in the way they are being currently managed.”

Policy Issues

Arguments of this type reinforced the view that there was a strong case for actions and policy initiatives, in Tony Colman MP’s words “make use of the tools that we have and which have proven surprisingly effective when they are used.” This resonated with the views of Gerry Randall, Linda Holbeche and Darren Short and others that leadership can be developed in people alongside their management skills or competences.

The Way Forward

All of the experts supported the broad aims of the project. They were keen to see it continue. Since the Panel meetings several have been in touch to express their continuing support and provide additional material.

Annex 2 - The Focus Groups

Process

1.1. Phase 1 of the project entitled Management and Leadership in the Changing Economy identified:-

the current state of knowledge and understanding about the relationship between management (capabilities, skills and competences) and leadership (its nature, context, characteristics and attributes).

1.2. Initial research identified current thinking and prognosis on:-

1.2.1. Characteristics of a 21st Century Organisation

1.2.2. The climate of (and need for) change

1.2.3. Effective leadership and management in the 'New Economy'

1.2.4. Leadership and management – choices in the future

1.2.5. The traditional divide between leadership and management

1.2.6. Management and Leadership Skills/Competencies (attributes) – Personal/Learned

1.2.7. Convergence between - Personal/Learned and Management/Leadership attributes

1.2.8. Policy options

1.3. This research is to be tested using a range of mechanisms including:

1.3.1. Interviews with business leaders

1.3.2. Case Studies

1.3.3. A quantitative survey and analysis

1.3.4. Focus Groups

1.4. Eight Focus Groups (2 closed) have been held across the UK during November and December and this report summarises the outcomes from this stage of testing.

1.5. The programme of Focus Groups were led by Professor Tom Cannon and facilitated by Debbie Warren or Peter Harman.

1.6. The outputs from these groups will be used to inform subsequent stages of testing and the final project report.

2. Participants

2.1. 576 people were invited to participate in these groups representing a wide range of constituencies and groups, including:-

2.1.1. Employers

2.1.2. Universities

2.1.3. Sector Skills Councils

2.1.4. Independent consultants

2.1.5. Intermediaries

2.2. 60 people agreed to attend the Focus Groups.

2.3. Participants were generally very supportive of the project and its aims and enjoyed participating in the Focus Groups.

3. Locations/Venues

3.1. 8 Focus Groups were arranged:-

3.1.1. 4 at Birkbeck College, **London**, (22/11/01, 24/11/01)

3.1.2. 2 at Pump House Museum, **Manchester** (19/11/01)

3.1.3. 2 at SCANTO, **Edinburgh** (26/11/01)

3.2. An additional Focus Group was arranged at Aston Science Park, **Birmingham** (14/12/01)

4. Agenda

4.1. Participants were introduced to/briefed on the concept of Focus Groups and the need for active participation, comment and feedback.

4.2. The backbone of 'agenda' for the Focus Groups was a series of OHP slides shared with participants. Slides were used as and when appropriate, as a means of stimulating discussion.

4.3. A full set of slides is attached

5. Outputs

5.1. Management, Leadership, characteristics of the Successful 21st Century Business (organisations), the changing climate and the New Economy

5.1.1. The presented model of successful businesses in the next century, was largely recognised and endorsed by all Focus Groups, although debate within the groups extracted a number of concerns about the future and our attitudes towards it. Some felt it was "not revolutionary enough"

5.1.2. It was widely recognised that the technical know-how and competence of organisations varies dramatically across the UK and elsewhere and that the rate of change towards the "Brave New World" and the New Economy, would vary dramatically. Those organisations which would be considered as "successful" would have invested in providing added value to enable success. Organisational needs and the needs of (their) employees in the next century would also vary dramatically vary from organisation to organisation. The roles of leaders and managers would change and need to change as other roles had changed, but leaders and managers had a crucial and distinct role in facilitating the effective response of their organisation to change. Managers and leaders were in danger of (were being) overloaded with information and ICT overload (E-mails) - this was encouraging people to ignore everything. Reduction in (not enough) technical knowledge will not enable organisations to deal effectively with change.

5.1.3. The ability of organisation and their willingness to respond to change and remain responsive is seen as paramount for success and survival. Changing markets at home and abroad and the need to offer and respond to wider product ranges, higher quality with lower prices are seen as major criteria for success. There is too much complacency about the future and what is around the next corner. Global pressure has driven change and there were concerns about the responsiveness of UK managerial and leadership groups. There was little evidence, according the members of the groups, of the new flexible and innovative thinking needed for success in the New Economy. The speed and 'quality' of change is not impacting and will not impact on all organisations at the same rate. It is not a 'given' that all organisations will necessarily need to operate in the same way in the same

environment in the future and that not all organisations need to move to the New Economy. Many organisations need to learn to cope with existing technology before buying everything new, engaging new systems and “jumping in at the deep end”. There was wide support for the need to understand the global perspective (“big picture”) especially in Small and Medium Sized Enterprises. However, many delegates felt that the concept of the global market place and competition was not really understood.

5.1.4. Small and Medium Sized Enterprises, in particular, have yet to recognise the need for anticipating and keeping up with the speed and diversity of change and shifts in the global market place although, as some ‘customers’ expect organisations to stay the same and retain the same expectations from them, maintaining the status quo may be required by certain people. Many Small and Medium Sized Enterprises do not have the “thrust to develop”. We need to “talk the right language” to attract and retain their attention but at the same time not keep creating “buzzwords” and (new) initiatives. There were criticisms of much SME training and support as developing yesterday’s managers, leaders and entrepreneurs for tomorrow’s conditions. Specific criticisms were voiced concerning the Small Firms Standards in this context.

5.1.5. There was much discussion of the need to ‘push’ leadership downwards in an organisation. Therefore encouraging people to exercise leadership. There is recognition that leadership needs to be apparent at all levels; this needs to be coupled with a devolving of authority with leadership. Sometimes this needs to be pushed upon an individual sometimes it is accepted. This, in effect, means that far more people will be expected to adopt these roles in the future. Few, however, have been trained or developed to take on this responsibility. There are still too many layers of responsibility in many larger organisations making it difficult to allow people to show and/or develop their leadership skills. Where there has been a flattening of organisations structures, too much de-layering has left gaps in quality and support and a significant loss of experience. Many managers have been forced out and ‘Leadership flair’ has been discouraged due to increasing pressure - they have become “disengaged psychologically” and only have time to do their jobs. These new operating environments have left little room for mavericks or those who buck the system (entrepreneurs ?) and potential leaders have been buried in administration. There is little or no opportunity to enable and inspire leaders to come forward. There has been a “dumbing down” of the need for operational people (managers ?). Many Focus Groups felt that real management had been “squeezed out”. The concept of a self managed groups is a good one but can

be fraught with problems and in some cases brought about a lack of control in many organisations.

5.1.6. There was a strong feeling that there was limited understanding if not ignorance of the real meaning of empowerment and, as a consequence, little real development to bring it about effectively. “Nick Leeson was empowered - look what happened to him and, as a consequence, Barings”. The word and concept of *empowerment* have a “bad reputation” and many felt that it was a “sop to keep the workers happy”.

5.1.7. There was some criticism of the leadership focus of this research. Some felt that far too much attention was being given to the issue of leadership and in the future, more should be shown for operational management, delivery and meeting customer needs. Many delegates felt that the key issues were about leaders and management together and not leadership and management as separate issues.

5.1.8. Bureaucracy and over prescriptive management systems are driving organisations not people and customers, with too much complacency regarding customer needs. The expression ‘control freakery’ was used several times to describe the desire to over prescribe. There were widespread concerns that Public Sector organisations were being driven to respond inappropriately to the scale and pace of change. Many were responding to weak real control by introducing greater bureaucratic control. Organisations of the future will need to be/are becoming more political and self-defensive especially in Public Sector and whilst organisations want their managers to become leaders, they box them in with systems and bureaucracy - entrepreneurial spirit is (can) be stifled. New operational systems and rigour will be required to cut down on bureaucracy. Despite the ‘flattening’ of organisations, bureaucracy is (still) rife. The New Economy is an unstable place for employees and that encourages managers and leaders to be “control freaks”. Control is achieved by overbearing administration and management systems in, for example, Call Centres.

5.1.9. Managers (are now being) judged on the minority of their activity and they and their CEOs need to spend more time on the ‘shop floor’. The manager-leader style of ‘walking about’ was more talked about than done.

5.1.10. Managers and leaders of the future must recognise the value of diversity and build on it at every opportunity. Diversity in the leadership group opens the organisation up to new sources of talent while establishing powerful bonds across the enterprise, its markets and stakeholders.

- 5.1.11. In the future, organisations must tap into the ideas of their workforce much more readily as this is where most of the contact with customers takes place. The New Economy should be about sustaining resources and a key division between the 'old' and the 'new' is one of exploiting resources versus sustainability.
- 5.1.12. Successful organisations in the future would bring about greater focus on teams. It was felt that many organisations were (currently) 'paying lip service' to the value of their teams and as a consequence devaluing their use, effectiveness and impact.
- 5.1.13. Many Focus Groups raised the concept of leaders and their followers. "Leaders have followers, managers have (their) employees". There were wide-ranging views about the value of this model in today's society. One group suggested that self-managed teams have many leaders and only one follower – the team leader. This could lead to difficulties in taking decisions.
- 5.1.14. Many delegates felt that organisational aspirations did not fit with operational reality or the "real world". The purpose of vision and mission statements were largely misunderstood and therefore redundant especially at the bottom of the 'pyramid'/organisational structures.
- 5.1.15. Some groups felt there was a lot of "hype" about the New Economy and that the suggestions about how it might look were somewhat of a 'wish list'.
- 5.1.16. Future survival and growth depends on investing more in leadership and management development. An increasingly competitive environment will encourage develop and demonstrate leadership skills. There was a strong feeling that we cannot just wait for leadership to emerge when called for in a changing environment but we need to actively prepare. There was broad consensus that it was possible to train and develop many aspects of leadership with a strong view that leadership (and perhaps management) development should start early i.e. at school, college or university.
- 5.1.17. The future role of Governing Bodies and Boards were questioned, in some groups. As structures and their *modus operandi*, at this level, have remained largely unchanged, what is/should be the purpose and role of the Board in the New Economy?
- 5.1.18. A new leadership style is required to achieve success in knowledge based industries/knowledge economy - the historic

concept of *knowledge* should be replaced by *learning*. In particular emphasis must be placed upon life-long learning.

- 5.1.19. All groups agreed that the future would demand that organisations were “people-centred” whether internally (employees) or externally (customers and stakeholders).
- 5.1.20. The future must be about focusing on long-term strategy in the light of short and medium term needs. Success and survival in the 21st Century will depend on good management and good leadership
- 5.1.21. There was consensus that, within the life cycle of organisation, different skills and focus (leadership, management, values etc.) were needed at different times and for different situations – see Annex 1.
- 5.1.22. “In terms of management and leaders(hip) development, we are ahead of the States in terms of hierarchical structures”.

5.2. The Traditional Divide

- 5.2.1. In the main, delegates felt that the traditional ‘divide’, as illustrated was, broadly, a true impression - of the past. A number of key points emerged during the discussion.
- 5.2.2. Common models of leadership and management are (will be) needed in the public and private sectors as there are subtle differences between them.
- 5.2.3. There is an (incorrect) assumption that managers and CEOs are automatically leaders and that there is a need for them to be. The sometimes-automatic rise to senior posts (and the managerial/leadership demands that follow) did not always bring appropriate knowledge, understanding and development.
- 5.2.4. Traditional barriers breaking down and changing. We have identified many of these but, as so much has changed so quickly, we need to recognise that other, more deep-rooted issues may emerge.
- 5.2.5. “Managing is a job, leading is a role”
- 5.2.6. Real empowerment and team working can be a culture shock to many. Currently many CEOs do not want anyone else to do the thinking and believe that they have all the answers. Micro

businesses and owner managers, in particular, can be very autocratic in this area.

- 5.2.7. There was a strongly held view that future leader-managers will need to accommodate entrepreneurialism.
- 5.2.8. Some delegates felt that referring to a (traditional) divide was a false dichotomy and that the roles of managers and leaders were not and would not be separated. Some felt that it was not possible (desirable) to separate leadership and management.
- 5.2.9. Many delegates felt that leadership is at the core and management at the periphery. It was felt that leadership is about realising the potential of an organisation and its people
- 5.2.10. Some questioned whether leadership was a position or role within an organisation.
- 5.2.11. Management contains elements of leadership – we need to “put leadership back into management” and not separate them.
- 5.2.12. Many organisations still reflect a model where managers and leaders are in the higher age bracket.
- 5.2.13. There is still not enough representation of diversity in the roles on managers and leaders.
- 5.2.14. Groups felt that much of the current training and development of leaders, managers, entrepreneurs and business owners was mechanistic and backward looking.

5.3. Attributes

- 5.3.1. Managers and leaders need to bring about a constant reviewing of their operations and organisation. Some felt that probity and revision in the Public Sector was driven exclusively by the ‘bottom line’ and that this was also the case in other sectors.
- 5.3.2. Managers (and leaders) need to gain trust by talking and listening to people. Managers need to think actively and meet people and delegates felt that this brings/encourages inspiration although many new working practices “do not allow time for this”.
- 5.3.3. Managers need to keep (more of the) ‘big picture’ in sight - they need to be involved in strategic thinking.

- 5.3.4. Leadership is (generally) a personality trait but can be learned (by managers) - it “doesn’t grow on trees”.
- 5.3.5. Leadership and management are not finite roles
- 5.3.6. Leadership (and to some extent management) comes to the fore (“surfaces”) in certain situations - context is crucial
- 5.3.7. Leadership is about learning to take risks.
- 5.3.8. Leadership is not a hierarchical position.
- 5.3.9. Transformational leaders engage and communicate.
- 5.3.10. Good inspirational leaders need good managers behind them
- 5.3.11. Leaders need to be intuitive and understand people’s fears when they take their followers into the unknown.
- 5.3.12. Judgement is essential for leaders.
- 5.3.13. Entrepreneurialism tends to be limited to Small and Medium Sized Enterprises – it should be developed in all managers and leaders.
- 5.3.14. Innovation is fundamental to both managers and leaders.
- 5.3.15. At the core of leadership lies self-management.
- 5.3.16. Singleness of purpose can be obstinacy.
- 5.3.17. Leaders (and managers) know when and how to listen.
- 5.3.18. Leadership is about enabling and supporting empowerment and risk taking - management is about compliance and control.
- 5.3.19. Leaders have (need to have) vision - they need to have a “pathological belief in their idea or vision”.
- 5.3.20. Managers are (need to be) proactive.
- 5.3.21. Leaders need to “care” and “show their own vulnerability”. A boss (manager/leader) needs to “have empathy”.
- 5.3.22. Leaders and managers need to learn how to cope on their own. “being at the top can be very lonely”.

5.3.23. Managers were about achieving goals and leaders about providing the 'goal mouth' and the environment (internally and externally) to 'score goals'.

5.3.24. Leaders operate at different levels in different situations.

5.4. Convergence

5.4.1. There is general support for the concept that there is convergence between learned and personal and learned attributes (learning) and between leadership and management.

5.5. Policy options

5.5.1. The options proposed (see attached slides) were generally recognised as being reasonable.

5.5.2. Those with knowledge and understanding of National Occupational Standards (NOS) felt that the review of the NOS in management (due to commence September 2002) should undertake to include (aspects of) leadership - perhaps with optional units (in conjunction with a 'core') on leadership.

5.5.3. There was strong support for a national focus on this issue perhaps in the form of a National Centre for Leadership.

5.6. Examples of role models identified by delegates during Focus Groups

5.6.1. John Harvey-Jones

5.6.2. Richard Branson

5.6.3. Sue Page

5.6.4. Charles Handy

5.6.5. Sir Bob Reid

5.6.6. Winston Churchill

5.7. Key points arising from Focus Groups

5.7.1. There has been much talk about leadership and management and their relationship – it is now time for action.

5.7.2. Some aspects of leadership can be learned.

- 5.7.3. Primary leadership development and learning is by experience and observation.
- 5.7.4. Different proportions of management, leadership and values are needed at different times in the lifecycle of an organisation (see Annex 1).
- 5.7.5. Managers and leaders have insufficient knowledge and understanding of what is 'round the corner'.
- 5.7.6. Leadership can be needed from/demonstrated in many areas of a team.
- 5.7.7. Leaders (and managers) are not encouraged.