In Search of Leadership

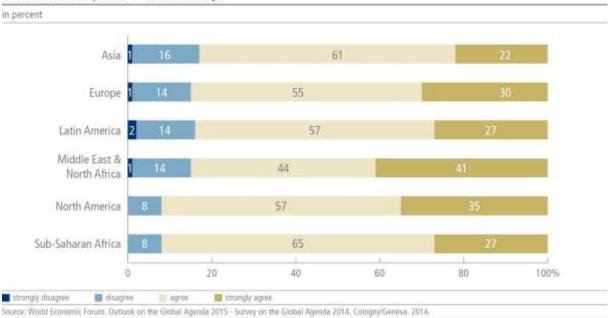
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I Introduction

The number of crises that today's societies and their political and business leaders are confronted with seems to be constantly rising and becoming increasingly complex: the collapse of financial institutions and the bailout of banks; the long-lasting tug-of-war with Greece and a looming Brexit; terrorist attacks and killing sprees in the US and Europe; the migration of thousands of people from Syria and other war zones; natural disasters such as the India-Pakistan floods; armed conflicts such as the war in the Donbass region of Ukraine; and the dramatic stock market losses in China – just to name a few. If not the total number of crises, then at least the frequency – and the perception thereof – has increased considerably. Many of these events are occurring simultaneously. In addition, different players are interacting within a structure of co-opetition (Asaro 2014), i.e. when competitors or opponents with a partial congruence of interests work together for a short time, which implies changing power structures and shifts in hierarchies, responsibilities and relationships.

These crises and challenges do have implications for leadership. On the one hand, bad leadership affects performance, morale, motivation, competitiveness, productivity, employer attractiveness – and success. On the other hand, the extraordinary men and women who are transforming business, government, philanthropy, etc., are invigorating the world around them.¹ Especially in these times of crises, the call for strong leadership and inspiring leaders is getting louder.

Therefore, it is not surprising that more than 80 percent of the respondents worldwide to the Survey on the Global Agenda 2014 agree that there is a worldwide leadership crisis today, one that includes diminished confidence in institutions, government and political leadership (see Figure "Is there a leadership crisis in the world today?").



Is there a leadership crisis in the world today?

¹ See e.g. Fortune. The World's 50 Greatest Leaders. http://fortune.com/worlds-greatest-leaders/

The situation is similar in business, with less than one in five respondents in the 2013 Edelman Trust Barometer believing that neither business nor government leaders tell the truth when confronted with difficult issues. As opposed to the long-term, strategically planned periods of the past, current leaders are confronted with a new paradigm: many surprises, no solutions, be prepared!

This paper builds on the assumption that there is a lack of leadership today and that we are experiencing a time engaged in a new "search for leadership." It suggests a new understanding of leadership in a changing environment and provides ideas about what types of leadership we are looking for in the public and private sector. It concludes with recommendations on how we might encourage leadership that can cope with today's challenges.

II The Changing Environment of Leadership

Today's challenges are much more complex. One main reason is a changing environment – which is affecting societies as a whole as well as structures and organizational issues (Gebhardt, Hofmann, Roehl 2015):

• Environments are becoming more unpredictable (volatility, uncertainty, complexity, ambiguity)

Environments and markets are becoming increasingly volatile. Reactivity and response times have to be adapted. Uncertainty and complexity make long-term decisions more difficult. Finally, the world has become more ambivalent and contradictory.

CSR activities often have only a fig-leaf function

Key issues of corporate social responsibility have still not been answered: Should global challenges be tackled by mandatory decisions and actions? Is sustainability, for example, a goal that leads to increased efforts in recycling product components and is it rewarded by the market? Leaders from business, politics and civil society are under pressure to react.

Existing business models are being overthrown

The relationship between consumers and producers, between leaders and followers is becoming blurred. People are increasingly expressing their desire for active participation in policymaking and sociopolitical processes. Companies and consumers are becoming more intertwined, individuals are trading goods on their own platforms. Entrepreneurs are establishing start-ups and mobilizing support, e.g. by gathering ideas from private investors and circumventing traditional means of financing.

Existing structures are dissolving

The dissolution of previously valid structures is not only affecting the network economy, but societies as well. The authority of traditional institutions is being questioned. Meanwhile, highly divided societies are finding their individual "reinsurance" in networking. Temporary connections are replacing long-term commitments. Power structures are forming ad hoc. The network society increases the need for participation as well as the demand for greater freedom by self-determined individuals.

The network societies are democratizing knowledge

Global and digital availability of knowledge is causing an increasingly cross-sector knowledge exchange and a far-reaching democratization of knowledge. Thus, knowledge acquisition is being decoupled from formal education. Easy access (sharing, streaming, gaming, etc.) and advanced communication channels (especially social media) allow information to be connected with the emotions and interests present in the community. At the same time, higher transparency is leading to increased pressure on publicly exposed

persons. Public judgment is taking place in real-time and is frequently based on emotions rather than facts.

A pressure of flexibility

Rapidly growing international interdependence and division of labor are leading to pressure across space and time in companies and, subsequently, households. Territorial, temporal and structural flexibility is closely related to dramatic changes in production and working technologies. Division of labor, autonomy and freedom of individual choice (for employees) are creating a new working environment. Additionally, there are completely new options for urban planning, through new urban production concepts, for example, and changing mobility flows.

Sharing and daring business models are evolving

The digital society is enabling completely new and completely different business models. Networking and digitization are influencing large parts of society and questioning existing industry expertise, revenue opportunities, resource combinations, biographies and performance profiles. New market actors are reinventing the rules of the game for entire industries.

In addition to the factors mentioned above, the organizational framework has changed, as have people's attitudes and values. Generation Y is exhibiting a new and different understanding of leadership, including self-responsibility, personal freedom to implement ideas, etc. Various models for living and working and different viewpoints on values and expertise are fostering competition within countries, companies, communities and groups. This modern form of "heterogeneity" is a potential source of conflict and requires new forms of cooperation and participation, as well as other types of conflict management.

Uncertainty and unpredictability are making it difficult to define (and finally to achieve) a goal that is shared by the broader public, employees and consumers. At the same time, these new challenges cannot be the only reason for a perceived lack of leadership. By definition, the future is uncertain, or as Niels Bohr said, "Prediction is very difficult, especially about the future." Therefore, it is necessary to examine the dimensions of leadership in detail.

III Dimensions of Leadership

Understanding the dimensions of leadership is important in order to leverage its components. Of course, leadership is not a secret and is more than charisma or personality traits. Some leadership theories focus on the personality, assuming that certain people are natural leaders, endowed with certain traits not possessed by others. Leadership is also a contextual phenomenon that can be learned (Jago 1982). Leadership is thus understood as a management process carried out by a single person and having an organizational component. Theories of leadership focus in particular on traits, charisma, intelligence, situational interaction, function, behavior, power and vision.

Leadership is about achieving goals. Therefore, leadership involves people guiding others on an individual, organizational, political or public level to attain a common goal. This includes assuming responsibility for the relevant actions and consequences. In Kotter's words, "Leadership is, most fundamentally, about changes. What leaders do is create the systems and organizations that managers need, and, eventually, elevate them up to a whole new level or ... change in some basic ways to take advantage of new opportunities" (Kotter 1998). Most definitions take the following components into account (Northouse 2013).

Leadership

is a process

Leaders affect and are affected by their followers, either positively or negatively, and this process is interactive. This means that leadership is not restricted to just one person with a formal position or power.

- involves influencing others
 Leadership includes the ability to influence subordinates, peers as well as persons higher up in an organizational or work context.
- happens within the context of a group
 Leadership operates collectively and is about influence within a group of people, regardless of whether it is a small team or a multinational enterprise.
- involves goal attainment
 Leaders and followers share goals, and leadership occurs in and affects contexts in which people are moving toward an objective.
- and these goals are shared by leaders and their followers
 Leadership means that leaders and followers are willing to achieve objectives that they all share.

Leadership has a direct dimension, whereby the leader interactively influences followers, as well as an organizational dimension, whereby the leader creates and organizes the context and environment in which leadership takes place. The leader is (traditionally) seen in a leader-centric manner, which means that the leader is the main actor in leadership. Therefore, most theories focus on behavior, traits or situational factors of leadership. More broadly, the leader-follower relationship is a reciprocal transaction process, one not ordinarily characterized by the exercise or threat of force, but a social exchange between leaders and followers and also between teams.

Sources of power

The leader's power can derive from legitimate authority, i.e. being elected, appointed or having the support of followers (Hollander 2009), or from control of resources, rewards or punishment, or control of information or environment (Ciulla 2003). Especially in politics, charismatic personalities can lead by the power of language, brilliant reasoning and charisma. These leaders – Mahatma Gandhi and Martin Luther King, for example – lead without formal authority (Heifetz 1999). Personal power usually derives from expertise, friendship and loyalty, or the charisma of the leader (Ciulla 2003).

Leadership styles

A leader's style is his or her way of providing direction, achieving goals and motivating followers. It is possible to distinguish between autocratic/authoritarian, participative/democratic and delegative/laissez-faire leadership styles. The laissez-faire style is considered the least productive. The various leadership styles are not necessarily mutually exclusive.

Task-oriented and relationship-oriented

Compared to relationship-oriented leaders who focus on the satisfaction and motivation of followers, task-oriented leaders focus on the tasks that need to be performed in order to meet certain objectives (Fiedler 1967).

Leadership and culture

Leadership is also determined by the task to be fulfilled as well as the situation, including the values and attitudes, in which leadership takes place. Therefore, leadership is highly influenced by cultural dimensions or organizational culture. As a result, a leader can be successful in Nordic Europe and a "total breakdown" in Latin America.² This includes the fact that women are still underrepresented as leaders: Only 22 percent of all national parliamentarians worldwide are female as of 2015, a relatively minor increase from 11.3 percent in 1995.³

	High-Scor	e Clusters	Low-Score Clusters
ssertiveness orientation	Eastern Europe Germanic Europe		Nordic Europe
uture orientation	Germanic Europe Nordic Europe		Eastern Europe Latin America Middle East
iender egalitarianism	Eastern Europe Nordic Europe		Middle East
lumane orientation	Southern Asla Sub-Saharan Africa		Germanic Europe Latin Europe
n-group collectivism	Confucian Asia Eastern Europe Latin America Middle East Southern Asia		Anglo Germanic Europe Nordic Europe
nstitutional ollectivism	Nordic Europe Confucian Asia		Germanic Europe Latin America Latin Europe
erformance rientation	Anglo Confucian Asia Germanic Europe		Eastern Europe Latin America
ower distance	No clusters		Nordic Europe
Incertainty avoidance	Germanic Europe Nordic Europe		Eastern Europe Latin America Middle East
Inglo: Canada, USA, Australia, beland, England, Sou Confucian Asia: Singapore, Hong Kong, Taiwan, Chir astern Europe: Greece, Hungary, Albania, Slovenia Gazahntan Semanic: Europe: Austria, The Netheilands, Switzer atlin America: Ecuador, El Salvador, Colombia, Bolin Costa Rica, Venezuela, ant Mexico	na, South Korna, Japan , Poland, Russia, Georgia, and Rand, and Germany	Middle East: Qoto Nordic Europe: Do Southern Asia: The	el, Italy, Francopbone Switzerland, Spain, Portugal, and France e Martico, Egypt, Suwait, and Turkey mmark, Finland, and Swedon r Philippines, Indonesia, Malaysia, India, Thailand, a: Zimbatww, Namibia, Zambia, Nigerla, and South Africa (part of

Cultural clusters classified on cultural dimensions

This implies that leaders are neither born nor made. Characteristics as well as the individual's own experiences and learning comprise successful leadership. The traditional "hero model" is outdated as is the "wise man archetype." Consequently, leadership styles are neither inherently good nor bad. Leadership can be more or less effective, and different leadership styles are necessary to interact in a given situation.

² See also Roehl 2015.

³ See Inter-Parliamentary Union and UN Women, "Women in Politics: 2015."

IV The Crystal Leader

As mentioned above, the situation pertaining to leadership has changed significantly. A discussion of leadership is not required *because* there is a lack of leadership. Rather, the question is *who is ready and/or willing* to assume leadership.

In particular, politicians and other elected representatives have to reckon with the fact that their personal lives, their behavior, their actions, their decisions, their outcomes and their effectiveness will be screened and judged on a daily basis – even prior to their election. That implies that a leader has to expect current decisions will be permanently reviewed. Therefore, processes have to be transparent. Moreover, past behaviors, actions and decisions – which might have been made under very different circumstances – could be questioned again.

Additionally, participation has become much easier in a digital world. Yet participative processes take time, while quick action, direct implementation and speedy, valid decisions are also required – the contradiction is obvious. Who can be fast enough, if everyone needs to be consulted? Speed has become the fourth factor of production. Missed trends cannot be easily made up for. Fortunately, digitization is making it simple to include people with differing viewpoints. Yet how is it possible to reconcile the expectations of flexibility and speed, on the one hand, with forward-looking strategies that ensure sustainability, on the other? Unfortunately, the situation makes it easy for populist, over-simplified attitudes to spread. This has consequences for all levels of the public sector – for mayors of large cities and small towns, for presidents and members of parliament.

The situation is similar in business, where the impacts on employees, the environment and society have become too substantial to ignore. This comprehensive transparency could prove rather daunting for future leaders. It requires more than merely reason, data and fact-based decisions. We are therefore looking for leaders who are prepared for their decisions and outcomes, and their personalities, to be examined by an unclearly defined public. A leader has to be transparent when it comes to his or her personality, values, behavior patterns, cognitions, emotions and decisions.

This is more than leadership in an age of transparency (Meyer and Kirby 2010), for which companies as well as politicians have to take possible externalities into account. Negative and positive side effects must be an integral part of daily activities. Furthermore, issues management must support leaders in detecting and responding appropriately to changes in the environment. Crystal leadership is a process in which not only the contributions of leaders and followers are transparent; the possible impact must also be explained as it might be questioned. Goals and targets need to be clear, otherwise the confidence leaders and followers have in each other might be impaired.

This is an era of **transparency** and **efficiency**, in which traditional structures of performance are questioned. Old-style parameters like working hours, output and productivity will no longer be sufficient. From the viewpoint of the digital world, the traditional (working) environment seems inefficient, unpredictable and insufficient – in other words, not optimized. Consequently, the world has to become even more technical, even more data-driven, even more controlled and smart by virtue of the technical opportunities now available. It must become an all-embracing environment, including crystal leadership. Everything should be measurable and even more efficient. As Mozorov (2013) describes, there is a digital fix for every problem, and smart technologies and big data give us the opportunity to make large-scale interventions and solve problems in highly original ways, while creating new incentives to encourage everyone to do the right thing. As a result, the efficiency

of each follower and the efficiency of the leader will be measurable and – at every moment – comparable. Yet what will happen to those companies that refuse to become transparent and efficient in the ways described above? Will they be punished by shareholders or society? What will the consequences of transparency and efficiency be on leaders' willingness to take risk? How must the roles and responsibilities of corporate governance be distributed if outcomes are to be viewed more or less in real time?

The leader has to be as productive as possible in achieving a given goal. The smart world makes it possible to foster efficiency – even in real time. If everything is focused on even greater efficiency and smart technologies and one can always find a new solution to optimize a given situation, what does one do with people who are not efficient? Are they no longer needed? A politician has to guarantee that followers agree on his or her decisions as well. The Greek referendum shows the dilemma that ensues if there is a gap between the perceptions of followers and deciders. When followers are no longer "efficient," it puts enormous pressure on leaders. What does this mean for society and the workforce? And more importantly, what are the consequences for the leader-follower relationship?

The crystal leader foresees possible reactions and adapts at an early stage. Such leaders therefore have to intervene promptly. This leads to the dilemma of new crystal leadership: The leader-follower relationship turns into a monitoring process, because the leader will not run the risk that the follower is not working. In other words, it becomes a permanent process in which the leader is afraid that the follower is not following. The mutual suspicious surveillance erodes trust. This leads to the question of whether outsourcing could be more efficient instead. What are the consequences for trust in the (economic) system and in society? Do we still trust our leaders?

This leads to the question of who will be willing to run for (re-)election if not only his or her personal integrity and decisions are continuously questioned, but his or her leadership and management style are as well? On the one hand, people deplore the lack of leadership, on the other hand, being a leader is becoming increasingly unattractive.

V Conclusions

In the decades to come, leaders will not only face crises and challenges; good leadership will be an important prerequisite for the success of countries, companies and organizations and will be indispensable for avoiding conflicts.

The search for leadership not only has to do with looking for the right leaders. Even in the future, there might be a place for the natural-born leader. The more burning question is how to develop a successful leadership style in a changing environment.

Every politician and business leader should be aware of future leadership requirements. There is no one-size-fits-all solution, neither for businesses nor for politicians. No one will be able to respond to the challenges of the future with the leadership tools of the past. Digitization, with its challenges in terms of transparency and efficiency, is especially calling traditional structures and leadership styles into question, as are other new requirements. Experimenting is becoming much more important than long-term planning. It is therefore necessary to clarify the role of the leader as well as the responsibilities of the follower. This means that leaders and followers must become clear about their role models and responsibilities. Neither political nor business leaders are responsible for everything; not every decision has to be delegated up from the follower to the leader, especially if the leader is not authorized or has no mandate. In addition, the leadership-follower relationship can change from time to time. The delegation of responsibilities through new forms of participation requires citizens and employees to organize themselves and search for solutions on their own, and not to immediately call for leadership when conflicts arise, but to develop solutions themselves.

VI Policy Recommendations

Decision makers in the political and business spheres can support a culture of leadership. The private and public sector need to understand the shifting demands on leadership in order to reach the necessary conclusions and take adequate action. The following recommendations offer a starting point for fostering a discussion on leadership:

Foster awareness of leadership

Raise awareness of the necessity of a more differentiated discussion in public (and in the media) in order to illustrate the difficulties of reconciling opposing values and short-term goals versus long-term responsibilities, thus making clear the dilemmas involved in modern leadership. This implies fostering a debate about the definition of modern leadership, including the dos and don'ts.

Support training in leadership

Government institutions can support the development journey by modernizing professional education. Universities will encounter an increasing number of tech-savvy students when the generation of digital natives begin to matriculate. Educational programs should consider the modern digital environment for this new generation and teach digital competencies in professional education courses for non-digital natives to help future leaders develop the necessary skills early on.⁴ Educators are responsible for developing curricula, methodologies, structures and strategies for education as well as training systems that are geared toward the modern requirements of leadership.

Decouple leadership from elitism

Leadership is not a topic for an elite club of only a few. Leadership must be decoupled from elitism by focusing on leadership as a path for learning and personal development that has less to do with hierarchy and more with individual responsibility. Everybody can be a leader in his or her area.

Develop a collective mindset

Developing a collective mindset that leadership needs specific, concerted attention within the organization is a first step towards creating a context-sensitive leadership culture. Fostering open debate on the dos and don'ts of leadership is just as important as attention and commitment to the issue on the part of top management.⁵

Find role models of successful leadership

Encourage the sharing of best practices for fostering multi-stakeholder engagement in decisionmaking processes in the political as well as business spheres. This also implies raising awareness of the challenges of modern leadership by presenting positive examples of leaders, e.g. in newspapers or on TV. It might be useful to create "ambassadors for leadership."

⁴ Strack/von der Linden/Torres (2015).

⁵ Roehl (2015).

Be aware of heterogeneity (in different ways)

Pay tribute to an increasingly multi-cultural workforce by fostering cultural sensitivity, especially in leadership programs and career management. The business world and society at large are growing more heterogeneous given the different types of organizations now present and the increase in individualism, including different values, cultures and mentalities. Better skills and innovative conflict-management tools are therefore required.

Encourage a discussion of ways to protect personal integrity

Encourage a public debate about protecting the personal integrity of political and business leaders (including their families and friends). Consider defining legal "red lines" to protect leaders' personal integrity.

Develop new incentive systems

Incentive systems play an important role in the rules and regulations of an organization. They influence leadership behavior on many levels, including explicit (pay, benefits, etc.) and implicit aspects (power, access to elite circles, etc.). KPIs that include peer and team performance measures, contributions to employee job satisfaction and other areas are a good start. Recalibrating explicit as well as implicit incentive systems is an important part of organizational development that contributes to a new leadership culture.⁶

Support leaders

Room for individual growth is another important area of action. If a collective idea exists of what good leadership really means in and for the organization, the individual leader should be supported in his or her learning path. Peer coaching and mentoring programs are good examples of potentially impactful methods. Leaders need the tools and methods to understand and influence their context (horizontal development) as well as the time, space and opportunity to grow as leaders (vertical development).⁷

Foster knowledge sharing

A culture and infrastructure of knowledge sharing is an essential prerequisite for the development of context-sensitive leadership. The ICT infrastructure has to allow for collective data, information and knowledge sharing. An important activity on the path towards a new leadership culture is enhancing the data and information transparency of the organization. Employees, and not only those of the younger generation, expect a certain "open source" culture when it comes to data, information and knowledge.⁸ This includes peer-group learning and talking face to face.

Create new or different careers

Change career path logics from upwards to sideways. The new leadership approaches lend themselves to career models that differ substantially from the classic "up or out" logic. If leadership becomes a learning path, lateral career development is an equally attractive alternative. As organizations will be structured much more laterally in the future, human resources management will have to invent alternative career paths for leaders and employees that prove to be as effective in retaining staff as the classic models.⁹

- ⁸ Roehl (2015).
- ⁹ Roehl (2015).

⁶ Roehl (2015).

⁷ Roehl (2015).

Finally, "practice what you preach" is becoming a key phrase on the way to a new leadership culture. Those who are in the driver's seat in terms of shaping organizational culture (practically everybody, in other words) need to be truthful in their endeavors. A context- and culture-sensitive approach to leadership requires that leaders say what they think and do what they say.¹⁰ After all, in contrast to the notion held by many that leadership is no longer important in the age of digital participation, what we actually need is more leadership – and on all levels.

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¹⁰ Roehl (2015).

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