LEADERSHIP IN THE 21ST CENTURY: WHERE IS IT LEADING US?

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ABSTRACT

The high profile of leadership studies throughout the 20th century has led to a vast and diverse global literature on the topic. Although leadership is frequently equated with power, influence and status, acts of leadership can be observed right across organisational structures. Flatter organisations, semi/autonomous teams and knowledge-based workers challenge the ‘traditional’ view of hierarchical leaders possessing formal authority. Furthermore, the very public collapse of several large Australian organisations throughout 2001 led critics to question the leadership ability of their CEOs and whether or not a different type of leadership may have led to more productive and effective organisational outcomes. At the beginning of the 21st century, it seems the time is right to question the traditional models of leadership and ask for alternate approaches. This paper outlines the themes covered by the papers in this special issue volume. The first paper takes an international overview of leadership, the next two investigate leadership competencies, followed by two papers focusing on different approaches to leadership analysis. The final three papers examine leadership in the context of 21st century organizations focusing on: post industrial organizational realities, leadership and knowledge management, and leadership and workplace trust.

INTRODUCTION

Leadership is one of the most hotly debated topics in management studies, social psychology and organisational psychology (Pfeffer 1993). Despite the depth and breadth of debate concerning leadership effectiveness, it remains an elusive construct. As a result, researchers and practitioners have not reached a consensus on a true and concise definition that represents an accurate depiction of effective leadership in all situations and possibilities. Bennis and Nanus (1985, p. 259) maintain that “neither in common parlance nor in the literature on the subject, is there consensus about the essence of leadership, or the means by which it can be identified, achieved or measured”. So how can these ambiguities be overcome, and how do we answer the ever-elusive question, what distinguishes a manager from an exceptional leader? Research has covered a broad spectrum from trait models (based on the traits and other characteristics of leaders) to behavioural perspectives (notably the Ohio and Michigan studies), to contingency theories (e.g. House 1971, path-goal; Vroom & Yetton 1973; and Vroom & Jago 1988). More recently, the transactional versus transformational leadership models have been at the forefront of leadership research (see Bass & Avolio 1995).
Although no one perspective is entirely accurate, nor entirely irrelevant, the answer to exceptional leadership remains relatively unclear. For example, does the early 21st century environment demand a different kind of leadership from earlier times? Certainly there has been a move away from ‘command and control’ models of leadership towards more flexible, collaborative and nurturing styles (Bennis 1999). The ability to cope with new and challenging imperatives such as increasing global competition demands the use of new leadership skills (Conger 1993). While the technical skills of leaders are not unimportant, there appears to be a case for emphasising general management expertise, entrepreneurship an ability to look into the future and the acceptance of responsibility (Savery et al. 1996). In addition, others have identified a need for interpersonal competence (Cooper & Argyris 1998; Karpin 1995) as it is assists in learning new things about oneself and one’s company in order to leverage intellectual capital (discussed later in this paper). A prerequisite of interpersonal competence is self-awareness, as this influences effectiveness and what the individual is able to “see in the environment, how [one] evaluates it, and how [one] deals with it” (Cooper & Argyris 1998, p. 25).

TRAIT THEORIES, VALUES, CORPORATE AND NATIONAL CULTURE

A focus on individual characteristics influenced early leadership research whereby leaders were initially considered successful due to their attractive appearance. When it became apparent that there was a lack of consistency in this approach, personality characteristics, known as traits, began to take over. As a result, particular traits and competencies associated with leadership have emerged. These include: integrity, confidence, extraversion, determination, resilience, the relentless pursuit of goals, the ability to take risks, inventiveness, conscientiousness, the readiness to face uncertainty, innovativeness, adaptability, knowledge of the market and the ability to learn from adversity (Busenitz 1999; Kecharananta & Baker 1999; Littunen 2000; McCarthy 2000; Osborne 1995; Stewart & Roth 2001; Thomas, Dickson & Bliese 2001; Wooten, Timmerman & Folge 1999). Carlopio, Andrewartha and Armstrong (1997) propose that “leadership has been equated with dynamism, vibrancy and charisma; management with hierarchy, equilibrium and control” (p. xix). Subsequently Mumford & Doorn (2001) maintain that charisma has been referred to as the characteristic or trait that points to exceptional following from employees.

According to Offermann, Hanges and Day (2001) much of the discourse on the internal characteristics of leadership over recent years has focused on values and ethics. They argue that disillusionment and a lack of confidence in political leadership has been generated by the particular values that political leaders use to motivate their actions. As a result, Offermann, Hanges and Day (2001) claim that the world is more aware of the importance that values play in leadership effectiveness and success. In addition, it has been shown that particular types of leaders, attract different followers depending on their value types (Ehrhart & Klein 2001). McShane (2001) argues that in order to motivate, influence, be liked and respected, a leader’s values need to align themselves with those of their employees and to reflect integrity, honesty, compassion and assertiveness.

Values influencing leadership are also subject to external factors, such as culture (Szabo, Reber, Weibler, Brodbeck & Wunderer 2001) although there is debate concerning the reciprocity of leadership and corporate culture. Bryman (1986, p. 52) maintains that harmonious cultures, which may have “nothing at all to do with the style of each leader”, have
a tendency to produce particular styles of leadership and subordinate response, whereas Schein (1985) is clear that leaders do influence corporate culture.

Furthermore, Savery et al. (1996) suggest that national culture is a strong influence on the management performance of the world’s nations. They note that the emphasis in the mainly English speaking countries (Britain, Australia and the United States) is on short-term objectives, while managers in Japan and Germany are rewarded for their long-term orientation. Studies such as Hofstede’s and others into cross cultural influences led them to conclude that managerial values, attitudes and decision making are related more to national culture than economic development or to the technological environment (Hofstede 1980, p. 10).

Ashkanasy provided important advances on Hofstede’s (1980) work. The first paper in this special issue ‘Leadership in the Asian Century: Lessons from GLOBE’ involved 170 researchers within 61 cultures. Countries were found to cluster into Anglo, South-Asian and Confucian groupings. Each cluster was found to have different cultural values that influence leadership. For example, in the Anglo cluster, participative leadership was seen to be much more facilitative of leadership than in either of the Asian clusters. Ashkanasy discusses these results in terms of effective leadership styles for managers in the 21st century where Asian economies are likely to be more dominant than before.

LEADERSHIP COMPETENCIES

Leadership competencies tend to be at the forefront of interest in leadership. For example, a search on the ‘google’ website found 213,000 sites where leadership competence was mentioned. Research has centred on gender differences and leader competence (e.g. Connell 2000; Eagly & Johnson 1990; Eagly, Makhijani & Klonsky 1992; McGlashan, Wright & McCormick 1995), the legitimacy associated with a leader’s appointment (Johnson & Ford 1996) and various traits and skills associated with leader competencies. Bennis (1999) identified five aspects of leader competence: technical competence; interpersonal skills; judgement; conceptual skills and character. Bennis believes that character is the vital element that determines leader efficacy as he claims that he has never found a person to be rejected due to technical incompetence but has seen people rejected because of a lack of character. Likewise, Mason (1992, p. 16) quotes the retired US Army General H. Schwarzkopf who argues “leadership is a combination of leadership and character. If you look at failed leaders, it is a failure of character, not competence”.

The second paper in this volume by James Hunt furthers cross-cultural research into leadership competencies is entitled ‘A Comparative Analysis of the Management & Leadership Competency Profiles Reported by German, US and Australian Managers’. The paper reports on the results of an investigation into the perceived level of necessity of 91 management and leadership competency items across the three nations. Hunt found that as many as 61 of the competencies attracted significantly different perceptions among managers from each of the three nations. In particular, the differences between German managers on the one hand, and managers from the USA and Australia on the other, are highlighted. Specifically, ‘motivation and team building’ was perceived to be far more necessary to US and Australian managers, as were managerial functions such as short term planning and establishing control systems. Conversely, a sensitivity towards national differences and avoiding spontaneous decisions where appropriate, were more highly regarded as central to
managerial effectiveness by German executives. The differences in perceived importance of the competency elements are evaluated along national lines utilising Hofstede’s four dimensions of national culture.

The third paper in this volume ‘Uncovering Implicit Leadership Beliefs’ by Glenn Stewart takes a more micro perspective of leadership within Australian IT management communities. Stewart’s paper reports on a study that set out to determine variations in perceptions of competent leadership and leadership success between business executives and IT management communities. Stewart found that IT managers were more focused on developing teams to be highly skilled and autonomous, whereas business executives were more focused on developing and articulating a vision for their division. Stewart argues that these various concerning beliefs in effective leadership may, in part, help to explain issues in the relationships between the two communities.

ANALYSING LEADERSHIP

Fulop and Linstead (1999) point out that one of the most significant claims of the Human Relations Movement was that leadership was the single most important factor in motivating employees and improving productivity. Early studies focused on finding ‘one best way’ of leadership appropriate for shop floor or supervisory conditions with the aim of developing training programs to assist managers in becoming effective leaders. Since then leadership has become a fundamental component of many theories of organisation and management. Despite the increasing complexity of contemporary leadership, Baruch (1998) reports that her examination of 113 leadership papers revealed that, in most cases, the study concerned ‘appointmentship’ rather than leadership. As Baruch (1998) points out there is a significant difference between the two. Appointmentship concerns the granting of power (through an external authority) over other people, whereas leadership is concerned with inner processes, where people recognize and are ready and willing to be influenced by another person. While the distinction is not novel, Baruch (1998) argues that it is misleading to treat one as if it is the other.

Unravelling the complexity of leadership and leadership research is at the forefront of the fourth paper in this special issue, ‘Hierarchy of Abstraction Modelling (H.A.M.) and the Psychometric Validation of Grounded Theory Research’ by Ken Parry. Parry’s paper takes three theories from the grounded theory-derived social processes of leadership (SPL) literature and constructed a questionnaire enabling a broader sample to be achieved than before. Briefly, optimising is described as making the best of a situation and moving beyond mediocrity toward excellence (Irurita 1996, p. 129), resolving uncertainty is basically self-explanatory and enhancing adaptability refers to a leader’s ability to enhance followers’ adaptability (Parry 1999). Parry found that by operationalising these theories into questionnaire format, SPL demonstrated high correlations with transformational leadership constructs and that ongoing grounded theory based research into SPL and influence in organizations was supported.

ANALYSING LEADERSHIP THROUGH EMOTIONAL INTELLIGENCE

The ability to work well with people has always been universally understood as a gift for some, and a competency that others do not possess. These ‘soft’ skills have been identified as important contributors to workplace efficiency for both leaders and employees as market
pressures create the need for more competitive organisational cultures skills. However, soft skills have been identified as lacking in Australia (Connell 1998; Karpin 1995), the United Kingdom (Green et al. 1998), the United States (Broscow & Kleiner 1991; Moss & Tilly 1996; Stasz 1996) and Canada (McKague 1991). This may be, as Richardson (1998) reports, because the acquisition of soft skills is problematic. For example, some social scientists believe that interpersonal skills are personality traits that are deeply entrenched and not amenable to change (Fiedler 1967).

To date, the leadership literature has been dominated by trait and cognitive theory, whilst emotions have been previously documented as blocking and interfering with the cognitive processes of leadership (George 2000). Although there has been an impressive increase in the research on emotions as a stand-alone subject, the role they play in the success of leadership remains somewhat of an enigma. Mayer & Salovey (1990) addressed emotion as a competency and developed the seminal emotional intelligence (EQ) model. They defined EQ as the ability to understand, control and utilise the emotions of the self and others. Building on the work of Mayer and Salovey (1990), Goleman (1995) applied his model of EQ to the business world in his first novel *Emotional Intelligence, Why it can matter more than IQ*. He further consolidated these issues with the follow up book, *Working with Emotional Intelligence* (1998). The ensuing research formulated the centrality of EQ in workplace performance, and particularly in leadership excellence.

The fifth paper in this special issue ‘Do Leaders Need Emotional Intelligence?’ by Malcolm Higgs explores the value of emotional intelligence in leadership amongst UK leaders. Higgs investigates the issue of leadership and how EQ can determine the success of leadership during change situations. Higgs concludes that emotional intelligence plays a significant part in the effectiveness of leadership within change contexts.

**CHANGE AND TRANSFORMATIONAL LEADERSHIP**

The dynamic nature of the economic world has catalysed research into effective leadership in relation to change (Paglis & Green 2002). As change is considered essential to business growth and development, a leader’s ability to change a company, to maintain the vision and follow through with the processes has led to the popular theory of transformational leadership.

Transformational leadership could be considered the most popular concept of leadership today. As opposed to transactional leadership, which is merely the managing of current objectives effectively, transformational leadership is the vision of change and the managing of this change process. Even though transformational leadership is considered significant to leadership success, it too disregards the internal competencies of leadership. For example, a great leader may never uproot a structure and reorder work processes, but their vision may be replaced by a pragmatic managing of the company (Mumford & Doorn 2001). Ultimately, leadership may not, therefore, be an ability to transform, but to communicate and solve-problems and lead people through already grounded processes and structure.

The sixth paper in this volume ‘A Brain Styles model of change responsiveness and distributed leadership’ by Neil McAdam asks “what are the key cognitive and/or personality style settings that underpin effective adjustment to a post-industrial, organisational reality, and what are the leadership dynamics most suited to those mindsets and organisational relationships?” In order to examine those issues McAdam addresses the critical trends in the
managerial environment of the 21st century seen to be driving the new organisational
dynamics. He considers the characteristics of the networking designs referred to by Limerick
et al. as The Fourth Blueprint. McAdam argues that the fundamental premise of the
post-modern philosophy is that the social organisation will remain a negotiated and emergent
work in progress whose character will be continually evolving. This theoretical paper aims to
build a more complete and useful picture of the leadership and personality dynamics that may
be relevant to effective and adjusted managerial behaviour in Fourth Blueprint mode and
discontinuous environments.

LEADERSHIP AND KNOWLEDGE MANAGEMENT

Much contemporary discussion of economic development stresses the centrality of the
development of the information economy through an emphasis on research and development,
product innovation, mass communication, global networks and continuous education and
training (Burton-Jones 1999). This means that in the “high-tech, globally-wired, digital world
we live in, knowledge workers are in high demand” (Bennis 1999, p. 4). Bennis (1999)
argues that most corporate leaders know that the only way they can leverage intellectual
capital is through knowledge workers and that the key to this form of leverage is leadership.

Intellectual capital is the sum of an organisation’s human capital, structural capital and
customer capital. Human capital is the knowledge that employees possess and generate. This
includes their skills, experience, and creativity. Structural capital is the knowledge captured
and retained in an organisation’s systems and structures, and customer capital is the value
derived from satisfied customers, reliable suppliers and other external sources that provide
‘added value’ for the organization (McShane & Von Glinow 2000; Stewart 1997). Hoe and
McShane are the authors of the seventh paper in this special issue ‘Leadership Antecedents of
Informal Knowledge Acquisition and Dissemination’. They argue that an organisation’s
ability to acquire, share and utilise its knowledge is emerging as one of the leading influences
on organizational survival and competitive advantage. Their study examines the effect of
leadership on informal knowledge management acquisition and dissemination. Specifically,
three leadership concepts are examined: shared vision; interpersonal trust; and the perceived
importance of market knowledge.

Data were collected from a Singaporean IT company. Hoe and McShane found that leaders
do make a difference to the informal knowledge management process. What they refer to as
‘knowledge management leaders’ give market knowledge a high priority and ensure that
employees have a shared vision of their business unit’s goals.

TRUST AND LEADERSHIP

The terms leadership and trust have been linked with increasing frequency over recent years
(Butler, Cantrell & Flick 1999; Podsakoff, MacKenzie & Bommer 1996; Yukl 1989). Trust is
considered in the organisational literature to be an important organisational phenomenon.
This is because it is a more consistent mechanism to support organisational change and
development in a volatile world than hierarchical power and direct surveillance (Lane,
Christel & Bachman 1996). Studies devoted to trust and leadership have concluded that
trusting relationships, building on individual confidence and eliminating fear, are essential to
the functioning of relationships between employees and their leader (Zeffane & Connell
2002).
The results of several recent surveys clearly indicate that the formation of trust within workplace relationships is complex and elusive. Consequently, while workplace trust is increasingly being cited as necessary for the generation of competitive organisational advantage through support, co-operation and the improvement of co-ordination mechanisms (Rocha 2001), research suggests that employees are becoming less trusting of their managers and employers (Davis & Landa 1999). For example, trust had declined in three of the four workplaces surveyed by Manchester Consulting in 1996 and 1997 (McCune 1998). Also, a 1998 survey of 2004 workers across Canada concluded that three out of four Canadian employees do not trust the people they work for (Davis & Landa 1999). In Australia, the results of a large national survey of over 19,500 employees (Morehead et al. 1997) also revealed a very low level of trust in managers, particularly within the public sector.

Ferres, Travaglione and Connell traverse trust and leadership in the final paper of this special edition ‘Trust: A Precursor to the Potential Mediating Effects of Transformational Leadership?’ Their study of transformational leadership and trust was prompted by an organisational survey that demonstrated low levels of trust between managers and employees. The study highlights the impact of transformational leadership on certain organisational outcomes, and provides evidence that trust in management and trust in peers is central to a transformational leadership approach.

LEADERSHIP IN THE 21ST CENTURY

If we cannot decide on what makes a great leader, how are we supposed to test for it? Especially if differences occur, not only in models and theories, but also across national and international cultures and organisations. As can be seen from Stewart's paper in this journal, what is believed to be a good leader in business does not align with those beliefs in the IT sector. Hunt’s paper and the GLOBE studies also highlight the differing perceptions of leadership across international boundaries, and national clusters. Each individual may have differing abilities or behaviours, and each situation may call for differing styles and actions. The complexity of leadership theory is apparent, and the resulting difficulty in testing is obvious.

With new approaches in qualitative and quantitative designs leadership research has the potential to develop further still. Parry's paper highlights the value of grounded theory in exploring the individual characteristics that may be the key to exceptional leadership. Nevertheless, the alignment between theory and the level of analysis used in leadership testing is problematic (Schriesheim, Castro & Yammarino 2000).

In the pursuit of defining and building an accurate model of leadership it is important to do two things. First, not be disheartened by the voids in the literature and the seeming confusion created as a result of dubious theories and models. The second strategy is to appreciate the complexity of leadership. While sometimes individuals agree on who or what makes effective leaders or leadership respectively, for others it means different things to different people. Yet again, some may not want or require any leadership at all (see substitutes for leadership in Kerr & Jermier 1978; Howell et al. 1986).

The title of this introductory paper posed the question, ‘Leadership in the 21st century: where is it leading us?’ The papers in this volume cover a wide spectrum of possibilities — the
challenge for leaders and researchers lies in interpreting those possibilities in the light of their own leadership styles, organisational settings or research directions. It is the intention of the editors of this special edition, that the papers presented within this volume will go some way towards assisting with those challenges.

REFERENCES


