Generic Approaches to Leadership[1]

As yet there is no generally accepted definition of leadership and only a wide variety of generic guidance as to appropriate leadership action therefore, each leadership practitioner must develop and continuously update a personal contingent view of what leadership means to them given their context. We propose a number of generic approches from which a starting point that might assist could be selected. The following leadership propositions provide a basis for developing the propopsed generic approaches:

1. Leadership is a process driven by inputs. The inputs utilised are determined by each leader and will reflect their personal approach to leadership. Leadership inputs may include an on-going understanding of context developments, available capability, learning from past experiences and shared purpose;

2. Leadership is characterised by the behaviour driven by shared core values, guiding relational and commercial concepts, given learnings from past experiences and the impacts of the evolving context in which the leader is embedded;

3. Leadership is a reciprocal influence process in which leadership influences the expectations of stakeholders and stakeholders influence the leadership approach and jointly they shape the organisational culture;

4. Leadership contexts are becoming more complex and more dynamic and are therefore subject to an increasing uncertainty and volatility, therefore an increasingly important focus of contemporary leadership practice is the ability to adapt to an evolving context. Leadership experience if appropriately leveraged can underpin adaptive success.

Diagram 1 - The Evolving Context of Leadership

Criteria	20th Century	21st Century
Organisational Structure	Hierarchical	Networked
Social and Technological Change	Mainly Incremental	Rapid and Radical
Leadership Approach	Coercive and Legitimate	Inspirational and Authentic
Characteristic Behaviour	Competitive	Collaborative
Organisational Focus	Shareholders and Clients	All Stakeholders

Although the above diagram is an oversimplification of the complex shifts that have characterised the evolving contexts in which leaders operate, it highlights several significant differences for which adaptive changes in the leadership approach are require. It should be noted that contexts include:

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[1] Fayed R., *Generic Approaches to Leadership,* AGSL working paper 7 (2017)

- **Internal contexts** – culture, structure, stakeholder expectations, shifts in power structure, and organisational climate;
- **Immediate external contexts** – intensity of competition, regulatory and environmental controls and disruptive technology;
- **Distal contexts** - economic conditions, societal change, political action.

It is proposed that the evolution of the context in which a leader is embedded is an important contingent consideration that drives the evolution of their leadership approach. It is further proposed that the levels of context complexity and the rate of context change determine the appropriate pathway along which an organisation's context is likely to evolve and consequently the generic leadership approach most likely to be adopted. (See Diagram 2 below).

Diagram 2: The Evolving Organisational Context - A perspective

Contexts	Level of Complexity	Rate of change
1 -Placid	Low	Low
2 -Complicated	High	Low
3 -Dynamic	Low	High
4 -Turbulent	High	High

The table above proposes 4 generic contexts according to the specific mix of complexity and pace of change that characterises the context. Context complexity increases as the number of inter-relationships that can potentially influence outcomes increases, that is, the spatial scope of what must be considered in determining appropriate action increases as the context becomes more complicated and the likelihood of unintended and unanticipated outcomes increases. One approach to minimise such consequences, is to reduce the spatial scope of individual decision makers or to bring decision making closer to where the information resides or is generated or reduce the decision load through process automation.

Context rate of change drives the level of uncertainty; as the rate of change increases it becomes harder to discern and anticipate emerging developments, this results in a future context that is less predictable with increasing potential for unanticipated and unintended consequences. To minimise such consequences, an extended temporal scope of consideration will need to be adopted to enhance the capacity to anticipate future likely developments. Securing a feasible balance between temporal and spatial scopes of consideration is a key challenge for leadership in turbulent contexts. The generic leadership approach typically adopted in each of the specified contexts is outlined below in diagram 3.

Diagram 3 – A Proposed Generic Leadership Approach Classification[2]
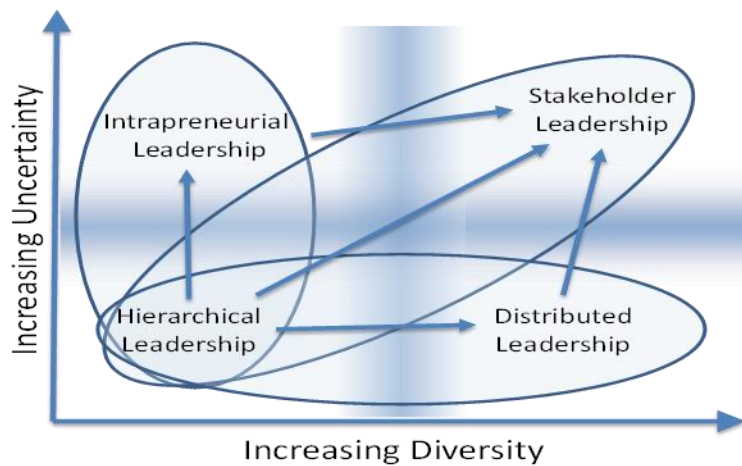
Overview of Generic Leadership Approaches

The most enduring leadership approach is the hierarchical approach, it dominated thinking about leadership approaches for millennia. However, when the capacity of the mental model that underpins a leadership approach becomes less effective at providing appropriate leadership guidance despite adaptive incremental adjustments, a shift in mental model and associated leadership approach becomes inevitable.

Over the past century disruptive innovative technologies, evolving expectations and in general more demanding business contexts have driven the mutation of hierarchical approach into three distinct new generic leadership approaches. Each of these will be outlined together with the business context in which each is relevant.

Shifts in leadership approach must be based on an explicit understanding of what changes are needed regarding shared core values, how leadership might behave relationally and commercially and how learning occurs. Shifts in prevailing leadership guiding mental model components are typically triggered by the need to address in-built strategic vulnerabilities that characterise each generic approach.
The generic leadership approaches depicted suggest the shifts most likely to deliver adaptive success, given the specified generic context. We shall now seek a deeper understanding of the generic mental models/approaches that underpin leadership in the different contexts outlined in the figure above.

Generic Hierarchical Leadership Approach in Placid Business Contexts

When contexts are placid for extended periods possibly punctuated by infrequent short periods of disruption and high uncertainty, large scale human enterprise has for millennia been undertaken by

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[2] R fayed, *Generic Approaches to Leadership,* AGSL working paper 6 (2017)

multi siloed pyramidal structures in which leadership has been the prerogative of an exclusive elite or an autocratic leader.

In a placid business context, the key values that tend to underpin hierarchical leadership behaviour include loyalty, continuity and the recognition of legitimate power bestowed on senior role occupants within the hierarchy.

The overt intent is to deliver legitimate consistent performance. The covert intent may be to build personal power and wealth for the key role occupants. The legitimacy of the leadership team is re-enforced by being housed in large prestigious top floor "corner offices" with segregated meeting and dining areas designed to reinforce status and power; formal dress visibly identified senior role incumbents. Large marble clad head office buildings that oozed permanence and power were located primarily in city centres. The leadership team consequently therefore, erected barriers between themselves and the rest of the organisation; they can only be accessed through several support staff, they are difficult to talk to on a one to one basis if you are deemed to occupy a role below immediate reports or if you are not introduced by a mutually respected go-between.

Relationships are dominated by functional considerations, limited cross silo co-ordination at middle and lower silo levels and therefore the interests of the function are not necessarily aligned with the interests of the whole and forward thinking is dominated by extrapolation, in which tomorrow is seen as a simple extension of today. Commercial thinking and action are dominated by the drive to secure scale and build cumulative experience which is justified as the means of achieving corporate cost efficiency, competitiveness and profitability. This thinking was re-enforced in the 1960s when the Boston Consulting Group promulgated strategies for allocating resources across portfolios of businesses based on the proposition that "every time scale doubles costs reduce by a fixed percentage," therefore, securing market leadership should convey a cost advantage. This thinking supported and justified the traditional drive for scale. However, relative scale advantage can be good or bad for different stakeholders depending on circumstances.

A narrowly conceived current scale advantage can have a significant negative impact on the performance of an organisation under evolving context conditions. For example, a major building industry supplier focussed on competing on price by securing a significant scale advantage during a sustained building industry growth cycle. Its major competitor adopted a strategy of purchasing previously independent building product distributors who dominated sales to building contractors. These distributors could continue to purchase from this scale-oriented competitor, who believed that they would continue to do so driven by profit considerations. When the market demand turned down, competitor-owned distributors were required to switch their purchasing to sustain demand on their parent company's factories. In this new context scale advantage was of no strategic value. When a large scale hierarchical organisation is granted a market monopoly, predictability can be secured at the cost of customer responsiveness through market undersupply. For example. In the 1970s, Telecom Australia achieved high accuracy in forecasting future revenues based on demand estimates of expected new telephone installations. On closer examination it emerged that, provided a queue of customers with no alternatives are waiting for a telephone connection, high predictability can be sustained by controlling the number of field teams installing telephones and the average rate at which they are being installed, if their productivity does not change, predictability is assured.

Complex structures tend to "sanitise" feedback as it passes through several lower level edits, this may lead to inappropriate higher-level decisions, under these circumstances the preparedness of senior leadership to walk around and talk to frontline factory and sales personnel provides more realistic understandings upon which to base action. The typical remoteness from the action and the functional orientation of hierarchical leadership makes informal relational networks structures critical to the successful functioning of hierarchical leadership. Another important source of operational insight is derived through leadership involvement in senior management corporate training programs. This approach has been adopted by the leadership of many large hierarchical corporations to obtain unfiltered facts and minimise the negative consequences of rigid, compartmentalised and sanitising hierarchical structures.

Historical variances feedback typically guides adjustment action and learning. So long as the context remains placid historically based monitoring suffices, however as contexts begin to experience increasing rates of change or complexity, monitoring based on historical variances loses its effectiveness and can become dangerous. Leadership development learning is primarily by ad hoc trial and error learning supported through mentoring or through apprenticeships.

A major strategic vulnerability of the hierarchical leadership approach is the tendency to view tomorrow as a simple extension/extrapolation of today. If the average year on year growth over the past five years was 3%, then any future forecast can be determined along the 3% linear trend line. In an economy subject to economic cycles of varying amplitude, this view of the future can lead to massive over and under supply conditions (Bullwhip problem) that can in extreme cases render the organisation vulnerable to take-over. To avoid such a fate, as the leadership context evolves, it is necessary to rethink the leadership approach adopted.

Generic Distributed Leadership Approach in complicated business contexts

As the context of leadership becomes more diverse and distributed, leadership responds to the need to take decision-making nearer to where the action is. The organisation will then be comprised of decentralised semi-autonomous leadership entities that can be divisions, business units or large project groups, all co-ordinated through shared organisational policies, guidelines and core values that collectively give rise to emergent overall strategies.

The distribution of leadership responsibility reduces the diversity that each organisational unit leader needs to deal with. Originally, General Motor's divisions were each responsible for a branded product offered to a specific market segment and Peter Drucker argued that this was the key to their competitive success. Overall coordination typically requires investment in effort to ensure a coherent overall worldview. The Shell Oil Company sought to achieve this integration across its largely independent country operations in part using shared scenarios and therefore, shared future expectations.

Distributed leadership behaviour is more informal, more individualistic and less rigid compared to hierarchical leadership behaviour. The leadership team prefer office layouts based on the open plan design model that provides similar work stations for all employees, senior executive work stations

tend to be located near meeting rooms available for meetings involving confidential exchanges or creative exploration sessions.

Under adverse conditions, distributed leadership typically seeks to reduce the scope of diversity they deal with by divesting interests no longer aligned with their emerging business model and focussing their thinking and action where it is likely to have the greatest effect. The gains from divestment are reinvested in perceived emerging growth opportunities. For example, GE's reduction in its involvement in retail financial services, low tech commoditised manufacturing and entertainment over the past decade to build its position in energy, engine manufacturing, internet of things and medical digitisation.

The typical performance measure monitored by distributed leadership is return-on-investment (ROI). To this end the various drivers of ROI are monitored. An important challenge in dealing with complicated contexts is determining the most effective way in which the organisation can be structured into sub-units so that leadership of these organisational sub-units can be made responsible for achieving ROI targets. Delegation and the technological capacity to overview a wider scope of responsibility have jointly supported the emergence of flatter distributed organisational structures.

Provided values and overall agreed purpose are shared across distributed units, each can adapt to its local evolving context in a manner that can cause an overall organisational strategy to emerge, which in turn can be used to drive consolidated financial strategy. Such was the case for many large-scale organisations in the 1980s comprising many business units and governed by a small head office team. For example, Boral building products, with over 60 semi-autonomous business units in the 1980s were able establish collaborations across a number of business units and collectively win substantial multi-business unit building material contract in the construction of the Sydney Harbour Tunnel.

Distributed leadership can foster locally optimised distributed computing and monitoring systems that can create a need for cross organisational system integration as contexts evolve. Balanced against this disadvantage is the specialised learning and the competitive advantage arising from the ability to respond rapidly to local or specialised market needs with the support of locally optimised processes. However, intensifying price competition and increasing pace of change driven by disruptive technologies brought about a need for faster integrated overall organisational responsiveness and standardised overall system performance monitoring.

Generic Intrapreneurial Leadership Approach in Dynamic Business Contexts

When the leadership team deals with a dynamic context by taking centrally driven innovative action to secure desired performance outcomes, they have adopted an intrapreneurial leadership approach. This approach is one in which organisational behaviour and strategies for securing agreed desired outcomes, given high uncertainty, tends to resolve that uncertainty by adopting as their driving force leadership's values and mental models.

The key drivers of uncertainty can include new disruptive technologies, rapid changes in stakeholder expectations and increasingly complicated regulatory requirements. These contexts change drivers can cause both incremental and radical change. Slower incremental change is typically easier to deal with. In both cases, the systemic dynamics involved need to be understood or ideally anticipated and reacted to in a timely fashion.

Continual process improvement through simplification, activity acceleration, reduce waste through redundancy reduction, increase responsiveness, and sustaining key stakeholder support are all essential to sustaining high growth rates over extended periods provided, strategic focus spreads development resources across short, medium and long-term planning horizons.
Some organisations manage risks through a diversified spread of partial investments in start-ups[3], and through collaboration with external innovation sources, innovative action must be coupled with risk management. However, the key to managing overall risk exposure is dependent on the mix of innovative investments selected, their cost, spread and maturity. GE does not appear to have set this mix appropriately.

Competitors that have through strategic foresight anticipated developments and prepared contingency action or worked through relevant scenarios should be able to respond more rapidly and more effectively. This anticipatory process was mythologised by Shell's rapid response to the so called "oil shock" in the early 1970s (Wack, P. 1985)[4].
The emerging dominance of technology intensive companies is reshaping the nature of global intrapreneurial organisations and creating a need to shift towards an approach more conducive to a turbulent context. For example, telecommunications, computers, cable networks and the internet of things are converging to create a single platform and, in the process, creating major new opportunities by converting mobile devices into multi-purpose personal communication, computing, remote control and entertainment devices in an increasingly turbulent context.

An important strategic vulnerability that also needs to be offset is the tendency for closed intrapreneurial leadership teams to develop a strong "we" feeling, referred to as "group think," that leads to inadequate assessment of emerging threats and other decisional weaknesses that will need to be countered or offset through introduction of a new more inclusive leadership approache.

Generic Stakeholder Leadership Approach for Turbulent Business Contexts

Key stakeholders typically include employees, customers, suppliers, shareholders, banks, environmentalists, government and other groups who can help or hinder the organisation in achieving its purpose. What is required is an innovative, systematic approach coupled with the ability to balance the legitimate interests of all stakeholders.[5] In essence stakeholder leadership behaviour involves authentic stakeholder collaborations driven by shared strategic intent that

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[3] See "Illuminated Minds" videos series, moderated by GE CMO Beth Comstock, April 2014)
www.youtube.com/watch?v=3f9lw190UIs
[4] Wack, P., Scenarios: Uncharted Waters Ahead, Harvard Business Review. September-October, 1985
[5] Fayed R., *Stakeholder Leadership*, AGSL working paper 8 (2018)

facilitates rapid, innovative, co-ordinated systemic responses to emerging opportunities and threats. In the period ahead.

Freeman's[6] publication of his text championing a stakeholder approach to strategy formulation in 1984 received initially an enthusiastic response in the corporate world. Unfortunately, this enthusiasm decayed rapidly as the approach became viewed as a social welfare approach that required extensive data collection in a business environment that was becoming more concerned with addressing short-term shareholder value and in which data management systems were significantly less developed than they are today. In the period ahead, we can expect significant improvements in leadership's stakeholder responsiveness to change through the application of automation and artificial intelligence to the stakeholder leadership process.

Having identified the key stakeholders that will be focussed on, securing their trust and collaboration will involve consistent authenticity in aligning what is said with what is done:

"*Hence, organisational stakeholders appear to be much less tolerant of inconsistencies between leaders' espoused principles, values, and conduct and are expecting those leaders to operate at higher levels of integrity*".[7]

Stakeholder leadership is characterised by the capacity to problem-find by asking creative questions that challenge traditional assumptions and approaches, then by reflecting critically on answers to such questions and then acting rapidly, decisively to realise desired outcomes.

Increasing turbulence reduces the lead time available to co-ordinate responses to developments and therefore an effective stakeholder network that facilitates the rapid re-deployment and mobilisation of relevant capability becomes critical to performance. Securing a desired purpose along an intended strategic pathway depends on a continually updated understanding of the stakeholder expectations that are likely to shape their engagement within the relevant strategic arenas in which the organisation competes.

The stakeholder leadership is facilitated by office layouts and communication networks designed to support innovative real and virtual collaborations together with, a supporting information infrastructure that provides access to actual and projected performance expectations. Ideally, real time systemic simulations that provide a basis for virtual experimentation to test alternative action options, should be at the core of the supporting information infrastructure.

Several years ago, a team working within an Australian university developed a real time simulation following insights generated from an Australian Research Council funded project. This simulation used real time radar data that identified the location of all aviation currently utilising Australian air space and predicted the location of all aircraft in future time periods providing the ability to more effectively allocate air traffic controllers, departure and arrival staff and equipment resources. A variety of other functions were also possible, and it is interesting to speculate on what the global commercial consequences might have been for Australia had commercialisation proceeded as

[6] Freeman R E, Strategic Management – A Stakeholder Approach, Pitman, 1984
[7] Walumbwa et al. In Journal of Management 34 (2008)

planned. Unfortunately, the international investors were kept waiting for a go decision beyond any reasonable expectation and withdrew their intended funding. The technology several years later was superseded by a similar system developed in the USA. Australian innovators and their potential stakeholders have typically been poorly served by their supporting commercialisation infrastructure.

The way participants in any work activity dress and their expectations provides insights regarding the mental model that drives their relational behaviour. In the late 1970s early 1980s, while working with members of the newly established National Telstra Major Account team dealing with the Federal Government, it was interesting to note how much more comfortable senior conservatively dressed government officials appeared to be when dealing with a major account manager that was similarly dressed and of a similar age. At the time this was an important consideration in developing stakeholder collaboration.

As turbulence increases strategic analytical focus and formulation must move to broader spatial and temporal scopes of systemic consideration. What appears to be random and unpredictable at a local micro level can present discernible patterns of behaviour when viewed from a macro level. For example, sales forecasts made by individuals typically fluctuate randomly, however when individual forecasts are aggregated the average forecast tends to be relatively accurate. Leadership theorists use an analogy that highlights the difference in perspective between being on the dance floor as opposed to viewing the dance from a balcony.

The table below summarises the generic leadership approaches in each of the specified contexts:

Table 1: Summary - Generic leadership approaches

Leadership/ Components	Hierarchical in placid contexts	Distributed in complicated contexts	Intrapreneurial in dynamic contexts	Stakeholder in turbulent contexts
1 – Core Values	Order, loyalty, formality, legitimate power and tradition	individuality, diversity collaboration and team wisdom	The Leader's values drive organisational behaviour	Inclusiveness, authentic respect, openness, creativity.
2 – Relational behaviour - Examples of leadership Related Theories	Bureaucratic, great man, trait and transactional leadership theories	Culture driven and situational theories	Behavioural theories, including transformational leadership theory	Stakeholder, servant, authentic, mindful and contingent leadership theories
3 – Commercial behaviour – Examples of Related Theories	The Boston Share/Growth Matrix	Shareholder value and ROI driven theory	Blue ocean innovation theory	Equitable stakeholder net value gain theory

5 – Learning Behaviour	Trial and error, past variances and mentoring	Role rotation and experimentation	large-scale development initiatives	leveraging experience within adaptive cycles
6 - Strategic vulnerability and key Guideline	Avoid excessive reliance on extrapolative thinking	Integrating purpose to avoid strategic fragmentation	Avoid blind spots created by 'Groupthink'	Utilise artificial intelligence to avoid adaptive fatigue

While generic leadership approaches provide a starting point in specifying your PCLP, like most leadership theories, they over-simplify reality by assuming limited categories of context and limited categories leadership capability pre-dispositions. However, leadership action can no longer be based on broad generic postulations; attention needs to be given to the development of individualised contingent leadership approaches, given each leader's unique self and unique internal and external contexts in which they and their stakeholders are embedded. Therefore, we propose that leadership development should be directed towards assisting leaders make explicit the systemic components of the coherent and inter-related mental models that underpin their personal contingent leadership approach, given their evolving and unique context. These inter-related mental models are collectively referred to as the leader's personal contingent leadership paradigm (PCLP).

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