

LEADERSHIP OR MANAGERSHIP: A PARADOX IN MANAGEMENT?

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Do we need more leaders or managers? Should a leader or a manager run the company? Who is more critical – manager or leader – for the success of a business? Enigmatic questions wrapped in a riddle inside a conundrum. May be the word leader itself is mystical and occult and therefore cannot be grasped easily. Well, I think it is more mundane than all the hypes that surround it. Strangely, only at the top of a company we expect someone as leader otherwise we are satisfied with the so called managers at all other levels. Are leadership qualities required only at the top? Looking at the slew of publications on management particularly since 90's one easily gets the impression that it has been, overwhelmingly, in favour of "Leadership". Contrastingly there are very few books, on how to become a good manager. Today, it seems we are engrossed with the idea that being a leader is the best way forward to create and lead an agile organisation. We differentiate: a manager strives for stability and a leader instils change and instigates renewal. The mania for Leadership has overshadowed the fact that managing a business requires leadership at all management levels in an organisation, perhaps the difference is that at lower levels there is a need for transaction leadership where as at higher levels and specifically at the top it requires more transformational leadership.

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1. Evolution of Management: Changing Business Environment

We live now increasingly in the knowledge era. The importance of the role employee played surfaced gradually with the transition of the business toward knowledge-based industry and the globalization and glocalisation. It brought with it the challenge of managing workforce with a diversity of colour, creed and customs. A new breed of employees the so called global managers and knowledge workers has emerged where managing the brain and heart are more important than a pair of hands and healthy body as in industrial era. Companies are increasingly more dependent on employees' motivation and loyalty than employees on companies providing job security and attractive salary. A

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company has to do more today in order to attract talents and retain them. The development is similar to the power shift from sellers market to buyers market.

The aspect of inspiring and leading people in managing started cropping up and the demand for prudent and sagacious leaders grew constantly. Today, leadership unquestionably and equivocally attached to people management, ensuring profitable growth and ethical compliance. In order to inspire and motivate knowledge workers, ensure sustainable growth, provide customers with business solutions and nurture their loyalty, attract talent and retain them, develop partnership with suppliers etc. the people aspect became a matter of paramount importance. Ultimately, managing people took the centre stage in management not only within the company but also outside with suppliers, customers and society – locally and globally.

As industries move from a resource and technology based business of industrial era towards knowledge-based the aspect leadership inherent in managing becoming more apparent day by day. Large number of books, articles and magazines on leadership being published in different languages worldwide every year underscore it. Until then leadership which is as a matter of course part of managing was somehow obscured by overwhelming importance of operational management that focused on profit maximizing. Otherwise the leadership aspect in managing was always there until the cost saving became the mantra of successful management.

Elton Mayo began in 30s at Harvard to develop methods for establishing inter-human relationship in order to promote collaboration among the employees and foster their loyalty to the company. He already then established in his “Hawthorne Studies” that workers acted according to sentiments and emotion. He felt that if you treated the worker with respect and tried to meet their needs than they would be a better worker for you and both management and the employee would benefit. Several others management experts like Chester Bernard (zones of indifference), Mary Parker Follett (grass-root empowerment), Chris Argyris (Learning Organization), Doug McGregor (Theory X and Y), William Ouch (Theory Z) etc. focused on putting people in the center of management attention.

Some Basic Ideas of Mayoism(From: Hawthorne Studies)

- 1. Supervisors should not act like supervisors -- they should be friends, counselors to the workers**

- 2. Managers should not try to micro-manage** -- there should be no overriding concern for production
- 3. People should be periodically asked how they feel about their work** -- and their supervisors
- 4. Humanistic supervision plus morale equals productivity** -- the Mayo formula
- 5. Humor and sarcasm are good in the workplace** -- it's all part of group dynamics
- 6. Workers should be consulted before any changes** -- and participate in change decisions
- 7. Employees who leave should be exit-interviewed** -- turnover should be kept to a minimum

2. What is better for your organisation a Manager or a Leader?

In recent past there has been a growing debate in the western world about what is better for the members of the top management of a company to be a Leader or a Manager? This debate about whether managers and leaders are different has been going on for a long time. Ostensible notion is that there are two distinctively separate personalities and sets of skills which are incompatible and sometime contradictory and therefore, in general, cannot be unified. This is quite typical brain child of thinking in dominant “either-or” category. The so called western thinking, it seems, cannot perceive and will not comprehend that there is also “as-well-as” possibility. When we criticize the lack of leadership we do not mean a leader is missing but rather point out to the lack of adequate leadership component in managing the company particularly when the manager is holding the top position in the company.

There is a fundamental mis-understanding about leadership and management in our complex and dynamic environment in which business is conducted today. If a company does really well we say it was great leadership; if it doesn't do well we say the management wasn't good. Leaders permanently enter uncharted territory and explore new ideas and take challenges for the future. They constantly take the risk of failure as there are no success stories from current or past history of what they embark on. However, when success comes it is blissful for the leader. He is lauded in public and media and remembered for his achievement. But when a manager is successful it is considered as if he did just what he is supposed to do and being paid for. He rarely gets

exposed to the popularity of a leader. In Mahabharata Lord Krishna guides and King Arjun fights. Krishna is in India more popular than Arjun who actually bet on his life in order to get the task done. Generally, leaders are exonerated from any flaws or failure.

There might be a role for pure leaders in politics, in social or in revolutionary undertakings where the timely implementation is not of primary concern of the leader but in business environment – whether leader or manager -one has to deliver product or services to customers on agreed terms with respect to cost, quality and time. The discussion is therefore futile and it diverts our attention from the real issue. We long for leaders but what we really miss is the leadership.

The management guru Henry Mintzberg emphatically describes leadership in his book *Managing* as a subset of management. To assimilate leadership into management demands a delicate balance between a calculated and logical focus on operational management in order to achieve high valuation of the company and strategic management focused on developing values in the organization that sustain current and increase future valuation. It is imperative to generate profits from the existing operations by doing things right with respect cost, quality and time, and to lead the organization by doing right things towards creating sustainable value for the company by visioning, energizing employees, and a genuine concern for them as people. You might separate leaders from managers but you can't separate leadership from managing.

3. Are leaders born or made?

There is another fierce debate about whether a leader is born with particular innate characteristics or anybody can become leader by going through an adequate training and appropriate coaching. It might be that leaders do come with some innate talents that predestine them for becoming leader but I believe leadership can be inculcated and ingrained in anybody with a healthy mind. I have observed in several occasions people who with their character normally would qualify themselves for followership demonstrating leadership when they found conducive environment and appealing conditions. Depending upon situation and circumstances people do react differently, therefore anybody can be leader or follower in a particular event.

When you hire a manager you well defined a set of leadership skills and operational experience you are looking for. You judge the suitability of a manager on the basis of his proven track record. The challenge one faces here is twofold. One is to find a well

balanced competence in strong leadership and strong operational management in the same person. The other is to establish a sustainable leadership and management style.

There are two distinctively different sets of skills required. The challenging task will be to find or develop people who can handle two different functions simultaneously in an integrated manner – coping with ever increasing operational complexity and with dynamic changes shaping the future of the company.

4. A good manager must be a good leader and a good leader must be a good manager:

Can you imagine managing successfully without leading? Or leading with success without managing?

Successful managers tend to be good leaders; successful leaders are good managers too. On the other hand good leaders are sometimes bad managers and good managers are bad leaders and they are rarely successful.

It is the changing set of skills and capability good managers need to be successful in a global intricately interwoven web of relationships with all kinds of stakeholders of the company.

In a globalised business environment scope is too great and far reaching. One cannot oversee everything and reach people everywhere. However, if the company has to capture opportunities and constantly grow one has to reach everybody every day. Therefore, the main task of the leadership at the top is to ensure there are leaders with management skills and manager with leadership traits at all levels in the organisation and continually develop their leadership talent and skills for higher positions. Nothing is more risky today then to bet the company's future on single person and that too on only leadership capability. Jim Collins warned in his article published in 1997 that “the charismatic-leader model has to die”. He further emphasises that “a charismatic leader is not an asset but rather a liability companies have to recover from”.

Leadership at the top of the company must create a sustainable system that makes sure that right people have occupied the right places within the organisations and are equipped with right mind set and resources to be effective. GE is a super example. Jack Welch did not create GE, GE created Jack Welch. The system was put in place by Charles A. Coffin the first CEO of GE that ensured that right managers are being hired, developed and put

in place to run the company. After 115 years GE is the only company that survived and excelled.

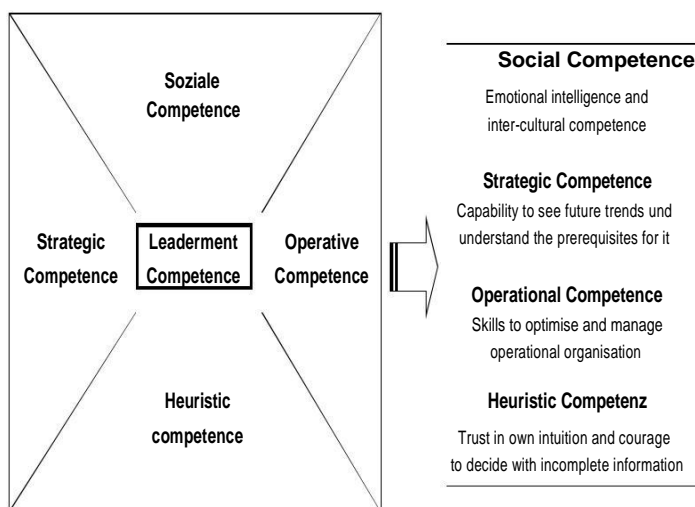


Fig. 3: Leaderment competences

When you look at what Jack Welch writes with his wife Sue about how to run a company you find invariably advice which reflects a balanced combination of management skills and leadership capability adjusted to the type and situation of a particular business task. He himself escalated from “neuron Jack” (tough manager) to leading the transformation (visionary leader) of the company to a most successful conglomerate. He is a practical example of Jim Collins 5 Levels of management excellence which he went through during his tenure with GE.

Ratan Tata is another example of Leadership who looks after a 71 Billion Dollar Indian conglomerate almost similar in terms of its business varieties to GE. He demonstrated recently his leadership qualities by creating a vision of “mobility and safety” for lower income part of the Indian society and bringing it to its full fruition through his excellent management skills and leadership aptitude.

Steve Jobs is another bright example of Leadership. He has a very distinctive style of running Apple’s business. One cannot dispute his management skills and leadership

aptitude which he has successfully demonstrated again and again not only at Apple but also at PIXAR and NeXT. Management and leadership are inseparably intertwined. They are, and must be seen to be, necessarily, complementary. Jim Collins tried to resolve this dilemma of leader vs Manager in his book *Good to Great* published in 2001 by introducing different levels of leadership. It could have been also called “different levels of management”.

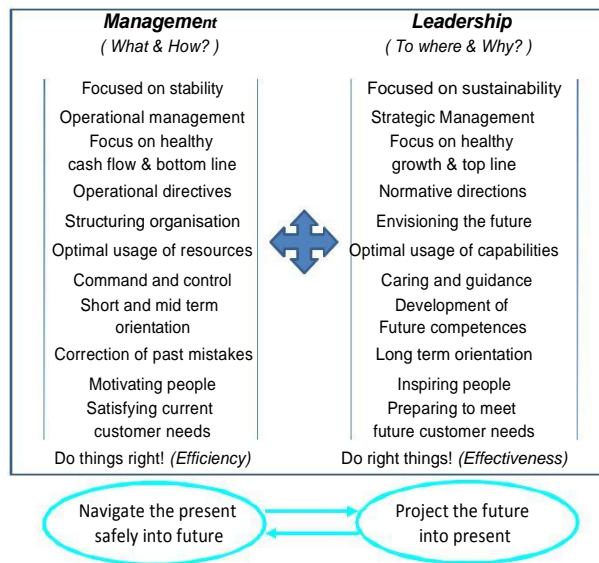


Fig. 1: Typical management and leadership tasks

Depending upon where in the hierarchy you find yourself there will be different notion and emphasis to your role as manager and leader. Leadership pervades each and every level of management however it will certainly vary accordingly (**Figure.2**) between transactional and transformational leadership.

Leadership character traits are maturity of mind and integrity in intentions which bring the Leadership’s attention on creating the vision and direction for the future, defining

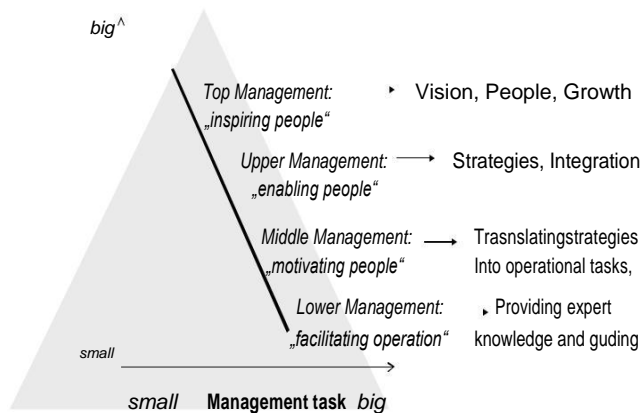


Fig. 2: Different roles different accentuation of leadership and management

competencies required for realising it, selecting the right people, developing their skills and assigning them to right responsibilities. However, the most important element of leadership is to inspire people to embark on new directions and make them believe in their capability to do so successfully. For it a leader must involve all the stakeholders, develop organisational competence, create proper company culture, define policies and establish infrastructure so that these competent people can work effectively.. This means making sure there is a regular communication to key people who understand and support the new direction. This also means adequate investment in the development of the organisational capabilities. Leadership is about effectiveness, Management is about efficiency. Management makes sure that the available resources are used optimally.. In other words management ensures there is a constant positive cash flow from the operations and leadership makes sure that there is a constant growth of the business. In both cases good leadership is required however, they differ in their quality. At lower level of an organisation hierarchy good managers demonstrate transactional leadership and as they move on the ladder to higher positions and responsibility they need to practice more transformational leadership.

To achieve the vision, leadership involves decision making and keeping people moving in the right direction by appealing to human needs, values and emotions. Profit and growth are intertwined and thus interdependent objectives. Management supplies the

necessary cash flow as oxygen and leadership provides the investments as healthy blood that carries the oxygen to places where it is required for the profitable growth of the company. In Indian philosophy and epical narrations the Sanskrit word *rajarshi* (or *rajarishi*) is often used to describe the person who is both leader and manager. *Raja* means king who rules, and *rishi* means a person of right vision and sagacity. *Raja* is a person of action and passion with commitment to achievement. He follows direction and translates it into directives. He is industrious and directing. *Rishi* symbolises intelligence and wisdom and he is directional. He goes beyond the mundane world (of a traditionally defined manager) by means of knowledge and experience.

Management achievements are milestones in ensuring that the leader's vision becomes a reality.

5. Is there a leadership crisis or the demise of charismatic leader?

Manage means to handle and lead means to go. Leadership means simply to lead effectively by managing achievement of the milestones en route efficiently in a value-adding and measurable way. Separating leadership from management is a severe blunder that has created the mess.

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Managers are promoted on the basis of their operational performance and business results. "Bin-there-done-that" qualifies them more than good leadership that will serve to build an agile organisation to accomplish the vision and goals of the company. While doing all this they might have demonstrated their transactional leadership qualities. When managers are aggrandized and elevated to a higher position in the organisation they do not discard the habit of doing what they were engaged in before. And they draw also great satisfaction from it as they know they are going to be successful because they have been always in doing that. Hence they continue to be rather short term transaction oriented.

The other reason is that Managers are not properly trained prepared for the new job.

Promotion happens on the basis of their success record in their previous assignment.

When I was preparing the launch of a Change Initiative in GEC Althom I had one-to-one

meetings with senior managers regarding the objectives of the program and what kind of change it would require how senior managers behaved. One of these senior managers told me point blankly why he should change his thinking and behaviour. He has been promoted to the current position because the company acknowledged and valued his management style and found it adequately and appropriately qualified for the current position. There begins the vicious cycle of hampering learning and unlearning. In the current position the new management skills are not acquired and the old style of doing things is not required.

The higher the position the less the incumbent wants to learn and thus at the very top we have an omniscient personality. In practical it is underlined and reflected by the fact that the lower the managerial level the more training obligations and offers are there, the higher you go less you feel attending any training and workshops. Top manager relentlessly preach how important learning is but they forget their own obligation to follow personally their own advice. Therefore, we end up with managers at the top who are neither good manager any more nor have the understanding and competency for their leadership role and responsibility.

In the recent past we have seen many leaders facing the task of rejuvenating and reshaping the company to become more agile and competitive with the changing demand from markets, customers, employees, regulators and public. Many charismatic leaders at some point failed to live up to the expectations of their stakeholders and killed or almost ruined the company. Lehman Brothers, AIG, Alcatel-Lucent, DaimlerChrysler, GM, ABB are only few examples from a long list of once known and respected companies because of their charismatic leaders.

Already in 1997 Jim Collins published an article with the title “The death of the charismatic leader” in which he proposed a different role for the CEO, he should be an architect and enabler who makes sure the company develops its own core character and lives further long after the architect is gone. He warns that a charismatic leader is not an asset but rather a liability companies have to recover from. The world has moved on since then and things have gravely changed. Betting the company on a single charismatic leader is a dangerous proposition because of following reasons:

Risk: When a company is completely build around a charismatic leader it bets its future because the leader dies, retires or moves on. When a company’s identity attached

strongly to one individual one does not know its core principles and processes it is built upon.

Competences: The skills and competences required to run a company today is diversified and complex that one person how intelligent and educated one is cannot comprehend, analyse and take a decision alone. One needs experts from different fields and synthesis of different perceptions.

Scope: Denotes the depth and breadth of management responsibility associated with a management position. It is the reach

Scale: The impact of decisions and actions taken in an organisation increases with ascending level of management responsibility.

6. Do We Need Leaders Or Leadership Teams?

In the absence of a single word that would characterise the combined role of a manager or leader Jack Welch calls it “management by leadership” or you could call it “leadership by management”, it works both ways. I can already see a new buzz word in the offing: LEADERMENT, which means lead through effective management by the applying a systematic management practice and by building strong collaborative organisations of people who have the conviction and capability to achieve a shared purpose. Or it could be the other way around. Leadman might be an adequate personification of leaderment. Conclusively leadmen are those who play successfully multiple roles in dealing with conflicting and competing needs of the stakeholders – customers, employees, suppliers and society. The biggest challenge is how to combine the myopic view of a manager and hyperopic discernment of a leader when dealing with daily business issues. This dilemma poses often a challenge to both managers and leaders alike. Normally the short term operational issues win the attention at the expense of leadership actions. Redefining well manifested terms and introducing a new term both seems to be a daunting task and would take very long to establish them. Therefore, there might be a short cut when we focus on leadership task rather than on leader’s role. Followers long for leaders but what they really miss is leadership.

In an era when change has become a constant companion leaders and managers often have to decide between preservation and transformation, modification and systemic replacement. The “either-or” approach presupposes a rational approach based on clear-cut facts is here neither very helpful nor substantially meaningful. Intuitively we know

that we need both hence, we need to find a way to combine both objectives. The question is whether both roles – manager and leader – can be combined in one person?

Leaders and managers come and go quickly but leading and managing is a continuous process that requires consistency and constant validation throughout the organisation over a long period of time. Otherwise, employees become cynical and unwritten rules of behaviour pervade the organisation.

When a leader moves out of the company it is left in disarray. The initiatives and programs launched by the departing leader are normally neglected, misled or overthrown by the newcomer and replaced by his own new ideas contrary to those of his predecessor. After few such experiences employee concerned become cynical about any new initiatives and hardly follow them.

Another challenge we face is to combine both the leadership and management competence in one person. The world is too complex and dynamic for any one person, CEO or otherwise, to know everything that is happening in- and outside the organisation, to have all the answers and to coordinate all the actions. It looks like Sisyphean task. Therefore, some of the companies like SAP and Oracle but also traditional business companies like Deutsche Bank either have introduced or contemplating to introduce CEO team of two Co-CEOs. The trend has started. Leaders and Managers are individuals, Leadership requires a team.

In the “Age of Paradox” as Charles Handy calls it managers and leaders often have to deal with numerous dilemmas in their daily business life e.g. cost saving vs investing in quality, centralising vs. decentralising the organisation, giving people freedom for self-realisation or controlling them tightly etc. A good example of current dilemma for managers and leaders is how to deal with other companies who could be competitor, customer, consortia partners or even key suppliers. For example ABB, ALSTOM, GE and Siemens are fierce competitors in many areas, but they are sometimes also partners in large projects and also customers and suppliers to each other. Should we treat them as partners and have trustful relations or should we handle them with suspicion and keep them off in order to protect our confidentiality? Should we be accommodating and forthcoming towards them because they are customers or as they are our supplier should we openly share with them our knowledge and communicate our issues and problems? In the west, it is the pervasive “either-or” approach in that breeds confusion and leads to haggling and wrangling when leaders and managers are confronted with a dilemmatic

situation in their business. How to resolve these veritable dilemmas? Focusing on leadership rather on leader might be a solution to it as it implies particularly “as-well-as” thinking in order to justify its entitlement. It regards the putative opposite poles of a dilemma as complimentary.

7. Concluding remarks

The significance of leadership need is today more apparent than it was in the



past because of the shift from technology orientated toward knowledge-base industry. Does anyone want to work for a “manager” who is not capable of “leadership”? Such managers micro-manage and are incapable of inspiring people. They are often quite demotivating in the way they manage. What about a “leader” who is not involved in “management”? That can be quite disheartening too; such a person is quite aloof and detached from ground reality and unlikely to be conscious of what is happening in the company. We don’t need leaders what we need is more leadership.

To maximize your long-term success you should strive to be both a manager and a leader and to synergize their functions. Possessing merely management or leadership skills is no longer sufficient for the success as an executive. In today's business environment many would argue considering the importance of inspiring people who then help the company to grow, prosper and become self-sustaining it makes sense to put leadership at par with management. You need to understand the differences between managing and leading and know how to integrate the two roles to achieve organizational success. As a manager, you must make sure that a job gets done, and as a leader, you must care about and focus on the people who do the job. To integrate management and leadership, therefore, demands a delicate balance between a calculated and logical focus on organizational processes

(management) and visioning, energizing employees, and a genuine concern for them as people (leadership). The missing link in cases where top management failed is leadership in managing the company. In essence, good leadership should be, must be, integral with good management and vice versa.

Also John P Kotter, a Harvard Business School professor, suggests that, while management and leadership are putatively different, they augment each other; one cannot function without the other. Managers, he explains, create stability while leaders strive for change and manage instability. Managers who qualify for both will succeed in a, in a world with ever increasing Dynaxity (**Dynamic+Complexity**). For creating an agile and a successful organisation there should not be any separation between management and leadership. They are fundamentally and mutually complementary in their nature. Leadership and management are so hard-wired together that any attempt to separate them would be a futile endeavor for anyone.

When I consider the long list of leadership styles and types that provide so many facets of leadership, there is always an opportunity for everyone to become some sort of leader for some time in some particular situation. It is a chance for smart managers to demonstrate you can also exercise leadership. Actually you have been doing it but it was more a transactional leadership, what you need to do now is to demonstrate also your transformational leadership qualities. Seize the opportunity to become the “Leader” of the company otherwise other will drive you! In this new model, managers cannot hide in a box as a platform for giving orders. Instead, their natural leadership talents, their ability to see things clearly, to inspire and motivate their colleagues, to be authentic, open and honest, and to sell new projects in the market of opportunities, all these become paramount for success.

To make this work, we need to build our organizational competencies (and core-competencies) so that teaming and networking are second nature, a co-creative culture to better develop and build upon the talents of our people. And instead of the sequential supply chain, we will work with our suppliers, customers and customers’ customers as if we lived in Venn diagram of overlapping circles rather than separate boxes*. Let us not fool ourselves with leader fad:

We should not bet our company to single person

We should focus rather on leadership than on a leader

We should make sure we appoint managers with leadership qualities at all levels in the organisation

We should develop a sustainable leadership core culture in the company which instigates the right processes and supports corresponding behavior.

In order to guarantee the sustainability of leadership we need its permanent personification which only be provided by a leadership team because individuals frequently come and go.