

## **Macro Leadership: A new Leadership Must**

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### **A word of caution!**

*This article is born not only from the meeting of two minds but also out of the frustration experienced by the two writers (academics) during and after the major crisis that started in 2009. Disappointed and shocked by the leadership of the top Decision Makers of the world as well as by their behaviours, both writers decided to reflect on the situation and examine what could be learned from the so called crisis. There is no question that the ideas presented hereunder are based on some synergistic thinking but also on some very strong emotions*

*The article is not about the truth (who has it? Who knows it?). It is about the need to transform the major issues that we are facing at the beginning of the 21<sup>st</sup> century into something positive*

*It tries to outline a new leadership requirement characterised by the ability of the Public and Private sectors leaders to have a good grasp of what's happening in the world today, why it is happening and, more important, how it can serve our purpose as human beings*

*The ideas are sometimes extreme and provocative (some of them are loaded with emotions). They aim at triggering not only a better awareness of what we are facing but also the beginning of some leadership blueprints for the future*

*Not easy for sure and yet indispensable!*

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## **Macro Leadership?**

*“My main role is to create leaders not followers” (Tunç Cerrahoglu. BU Russia President of Sun Inbev)*

Leadership is about creating leaders (not followers). It is about pushing potential leaders forward. The “old” view is that people willingly follow the accepted leaders because of their ideas, energy and above all because of their attitude towards them. Well, today the partnership between people and their leaders is more based on RECIPROCITY than anything else: “I am ready to go with you but show me first what's in it for me!”

Leadership is a complex process of interpersonal valuation in which credit for leading others are earned in the eyes of followers. But followers attribute that credit if they believe in the

leader's intentions and only if they see the expected consequences as valuable for them. And what is good for followers depends on their value system (again "What's in it for me").

It is getting more and more obvious today that the concept of the followers has evolved and that old approaches to leadership (i.e. leaders know best what's good for the followers) do not work anymore.

## **The Leadership Crisis**

*Nowadays, people know the price of everything and the value of nothing. (Oscar Wilde, 1854-1900, Anglo-Irish dramatist and poet)*

What do we value in others that we are willing to unquestionably follow? And how come that people are less and less willing to give credit to their leaders, either in the public or private sectors? Why people do not believe in what they say? Why is the lack of respect in leaders so widespread phenomena today? Why don't we want to follow our leaders willingly?

One key answer seems to be: TRUST. Trust is psychological state of accepting vulnerability based upon positive expectations of intentions and behaviours of the leaders (Weber et al., 2006, pp. 37). When judging trustfulness of leaders people are mainly concerned about two things: are the leaders credible ("Do we believe them?") and reliable ("Do they deliver on their promises?"). There is evidence that many leaders today are short on both! Leaders use corporations and other institutions as ingenious device for money-making and power gaining. Money and power are gold which justify leaders' success! But although gold is precious, when it gets into the eyes, it obstructs the vision. Majority of today's leaders are blindfolded and incapable of seeing the tensions they are creating.

Hence, many leaders have not seen the coming economic crisis before it did hit the world. They still do not understand clearly what the crisis was about. They are not able to explain the situation to the people. They do not come up with new answers but gave the impression that they were patching up the problem (quite fast we must acknowledge!) instead of taking advantage of the challenge to move forward with new and better ways to live together.

Obviously, many of nowadays acclaimed leaders avoid addressing real and difficult issues! And many of those rare who face the challenges lack the innovative insights that could solve them as well as the courage to take risk. And if by any chance they do they get ostracised by the others!

## **True Leadership: Turning big mistakes into great opportunities**

*"Many men have imagined republics and principalities that never really existed at all. Yet the way men live is so far removed from the way they ought to live that anyone who abandons what is for and what should be, pursues his downfall rather than his preservation; for a man who strives after goodness in all his acts is sure to come to ruin, since there are so many men who are not good."*

*(Niccolo Machiavelli, 1469-1529, Florentine statesman and realistic political philosopher in Il Principe, 1513, Chapter 15, pg. 56).*

Maybe leaders have had good intentions, but they had failed in their acts! There is no question that many leaders have made a series of major mistakes in the recent past and that we (most of us) are suffering dearly from them. Lets' put it bluntly: Overall, leadership has been weak, corrupt and incompetent when facing the latest economic (and social) crisis (they are a few exceptions of course...but much too little).

Many leaders (as it has been said many times) got lost in their short term drive; lost perspective by focusing on the small issues and not on the top priorities and - even worse - got so greedy that they lost sight of their ethical duties!

Not only they were powerless but they also lacked the courage and the imagination to handle the problems and turn the mistakes of yesterday into opportunities... to look at the world and problems from new angles... to challenge the current realities... to challenge the current systems ... especially the macro level systems (economic, political and cultural), that are imposing constraints on all of us.

The call for leaders today is to address multifacet issues of economic, political and cultural landscapes simultaneously while making corporate decisions: Is democracy at stake? Is democracy a manipulation? Are capitalism and the free market approach still the best way to organize the society? Is rationality based on opportunism of short-term benefits the best way to guide the decision making? Is the greedy the most effective way to growth and prosperity? Does not capitalism generate too much inequalities? Are inequalities ethical? If not, is market-based economy ethical? Are profit and growth above ethics? Some may say well though capitalism brings uneven division of blessing, socialism proved to be equally poor solution to the problem of ethics since it only brought equality of misery. Yet, when digging into world of ethics the critical question is to whom are we responsible? To ourselves? To shareholders? To stakeholders? To the next generation? Are values that driving us appropriate? For whom? Should we change them? How? Can we change them? Can leaders do that? If yes, how?

Let us now look a closer look at some of those critical questions that leaders must address one way or another.

### **Economic landscape: Redefinition of the practice of capitalism**

*“Every individual endeavours to employ his capital so that its produce may be of greatest value. He generally neither intends to promote the public interest, nor knows how much he is promoting it. He intends only his own security, only his own gain. And he is in this led by an invisible hand to promote an end, which has no part of his intention. By pursuing his own interest he frequently promotes that*

*of society more effectually than when he really intends to promote it.” (Adam Smith, 1723-1790, Scottish philosopher and economist in “The Wealth of Nations, 1776).*

According to Adam Smith, one of the first economists in the world, capitalist society and free market economy supposed to be the most effective driver of economic growth and prosperity. Value created is the highest when distributed across economic entities and individuals according to (1) superiority of business ideas, financial resources, knowledge and other scarce resources and according to (2) entrepreneurial drive, willingness to take the risk and postpone current consumption for future consumption.

Hence, those with harsh entrepreneurial drive, superior business ideas, knowledge and more financial and other resources, have higher chances of attracting more resources also in the future. The more you have, the more you can attain. And this is good for maximizing economic growth where we need the most efficient investors to invest.

At least this is the ideal view... It is how it should work. In principle. In theory. There are obviously a few shortcomings to this model:

1. To maximize economic growth, we need an atmosphere in which one still WANTS to get MORE whereas we already having a lot - more than she/he can consume in one lifetime. Such value driver is greed.

It has been clearly stated by some prestigious economists that “The world runs on individuals pursuing their separate interests ... the record of history is absolutely crystal clear: that there is no alternative way so far discovered of improving the lot of the ordinary people that can hold a candle to the productive activities that are unleashed by a free enterprise system... There is only one responsibility of business – to increase its resources and engage in activities designed to increase profit.” (Milton Friedman, 1912-2006, American economist advocate of free market, 1976 Nobel price for economics).

2. So greed is good. Greed is right. Greed works. Greed captures the essence of evolutionary spirit. Yet, already John Maynard Keynes noted that “Capitalism is the astounding belief that the most wickedest of men will do the most wickedest of things for the greatest good of everyone”. Capitalism leads to increasing inequalities, excessive abuse of power, financial based human domination and humiliation. But according to Joseph Stiglitz “Our societies tolerate inequalities because they are viewed to be socially useful; it is the price we pay for having incentives that motivate people to act in ways that promote societal well-being”... but on the other hand Stieglitz sees such societies inherently unstable. “If stability and efficiency required that there existed markets that extended infinitely far into the future - and these markets clearly do not exist - what assurance do we have of the stability and efficiency of the capitalist system?”

Will greed-driven economy deconstruct itself? Difficult to answer. Research has shown that too much of inequalities outbalance the society and increase the likelihood of wars and aggressions of marginalised groups.

3. The stock market has become an almost independent reality and has acquired a life in itself. As already Karl Marx commented “Capital is money. By virtue of it being value, it has acquired the occult ability to add value to itself.” Today it is even more based on speculation than on business investments. Some people today are making more money from pure financial speculation than from good work! It is a casino type of society where fortunes are made without any added value to our societies.

It is clear that we need (urgently) to redefine the practice of capitalism and the free market society. We maybe need to go back to the sound shareholder approach to financing and investing. Dividends should be re-valued and become the most important incentive to invest. The key question should be: “Finance, what for?”

The very purpose of business must also be questioned and redefined: Is profitability the only *raison d'être* of business? Or is it to improve the quality of life in our human societies?

### **Political landscape: Revision of the practice of democracy**

*Any ideal system is its own worst enemy, and as soon as you start to implement these visions of grandeur, they just fall apart and turn into a complete tyranny. (Ben Nicholson)*

Joseph Schumpeter, the famous Austria economist, more than half a century ago stated that democracy is only a political method and a certain type of institutional arrangement for arriving at political - legislative and administrative - decisions and in essence incapable of being an end in itself.

In recent years, there has been growing discontent with democratic governance. Democratic principles are so far the best human kind can dream of. It does secure a chance for those who are ready to work hard to make it. It also offers something so valuable i.e. freedom to individuals. However we must face the fact that the practice of democracy has been far from effective and fair. It seems that the implementation of the democratic principles has led to some unacceptable manipulations and exploitation by a few of a system that it supposed to serve all. There are increasing bureaucracy and costs of government. People are more and more resistant to paying taxes, though they demand more public services. The election processes that support the democratic approach to our collective life have become a farce at best and a total masquerade at worst. The media have not been playing a positive role in this context. Their weak ethics, their superficiality and their lack of objectivity have encouraged a lot of corruption regarding the respect of basic democratic principles. Italy is such a case according to Angela Corrias from Centre for Research on Globalization.

This discontent with the democratic governance seems widespread. There have been attempts to attribute these negative reactions to particular features of particular countries. Thus, the malaise in Nordic countries is sometimes attributed to the “welfare state”; the malaise of the European Union is sometimes attributed to cultural diversity; the malaise of the Japan is sometimes attributed to long traditions of close economic relations between political and business leaders. The phenomenon is, however, too general and too consistent to be easily given a unique national interpretation. Majority of democratic regimes face a period of failure and despair.

After the set of terrorist attacks in US, UK, Spain and other Western countries little liberty and freedom of democracy that left was traded in was traded for security and safety. Orwellian world of total surveillance has been legitimized. Next, many governments that publically fought corruption underneath were not immune to it. It seems that too much corruption (“power corrupts”) and incompetence (“to be good at networking is not a guarantee of technical competence”) at the top of governments as well as corporations have discredited democratic leadership.... Many wealthy businessman, that created fortune by strange ways, in later stages of their life entered politics and soon earned major influence on public opinion.

In such state, people are getting confused and intensively look for new direction, which will provide them with more certainty, homogeneity and security. In the general state of discontent people willingly sacrifice some of their own democratic ideals and be attracted by strong, autocratic extremist with fascistic outlooks, who accuse other groups of people (i.e. minorities, socially weaker groups...) for their problems and problems of the society at large. Lessons from European history can be valuable here! They teach us that in times of growing ambiguity people are attracted to blunt leaders with an obsessive drive, a crystal-clear vision, and a well-crafted strategy were put on the pedestal. Remember Hitler, or Mussolini, or Stalin. Strong vision of an autocrat is usually combined with the requirement of some form of subservience from subordinates. People can willingly give up a great amount of personal freedom when uncertainty is too high and submit themselves to strong narcissistic autocrats (Hao, Karri, Chittipeddi, 2004). As already Plato noted that tyranny seemed to be the natural tendency of democracy.

The challenge for leadership is how to address the inefficiencies of democracy without turning to autocratic posture. The answer definitely lies in the field of values and beliefs that form our truths! Leaders need to develop new truths and new collective identity that provide superior level of appeal and worth. Such can be only beliefs and truths that build upon greater awareness of needs of others instead of narrow focus on ourselves. Next, leaders need to help develop new value system and facilitate the process of identification with it. Along that, they need to be careful not to attach followers at themselves but only on the values and beliefs they are declaring and struggling for. Otherwise they can easily

become trapped into narcissistic autocratic posture, consumed with a feeling of superiority and supremacy.

And what should be the value systems that the leaders should aspire to develop? Which values can drive our society successfully in the future?

## **Cultural landscape: Reshaping of the value system**

*“Everything that can be counted does not necessarily count; everything that counts cannot necessarily be counted (Albert Einstein, 1879-1955, German theoretical physicist)*

A need for evolution of new value system has been manifested and argued for in both economic and political landscape. Beliefs, values, needs and other drivers behind human behaviour have always been an important descriptor of the developmental stage of individuals, groups and human societies at large. It is our belief and value system that connect us and defines us in a most profound way as humans! As individuals we are not completely free in forming our beliefs and values. Partly dependent on our distinctive past and partly constrained by the beliefs and values of our referee groups and societies we are currently embedded. We can be excluded from groups and societies if we do not conform to those beliefs. Such social exclusion would leave us unsatisfied and frustrated. Being part of the community is one of our human needs.

Beyond our values, the major challenge for us human beings is to learn how to manage our mental constructions or assumptions that we produce and use to define our reality. We should always keep in mind that our reality is virtual. Actually is even more challenging because our lies about reality (just read the press and listen to the media) constitutes for us a “Meta Virtual Reality”. We see what we think we should see what we think we should see...

Another issue is that our assumptions, social norms and values that are generally accepted evolve slowly over longer period of time... Much slower than technologies and also much slower than political and economic systems. Today there is quite significant discrepancy between new technologies and our traditional life styles. With recent technological development we are losing touch with the human side of our lives. The paradox is that information technologies that are supposed to connect us better via instant messages, social media networks, and emails, are actually separating even further. Strong feelings which make us feel alive are much more effectively evoked in direct personal communication, which is nowadays to a large extent substituted by technologically mediated communications. This sort of communication deprives us from intense feelings arising in direct contact and makes us even more alienated. The interesting question is how this will effect personal development and evolution?

Moreover this paradoxical situation, when we are more interconnected and separated simultaneously, creates intense tensions in our inner lives. The later makes us feel hungry of being connected deeper in human terms. And facilitation of processes from which feelings of interconnectedness can emerge is at the heart of leadership process itself. According to Dalai Lama this is crucial, but far from easy process because “Our minds still think in terms of we and they, but in reality there is no such thing. The world is one body and we must recognize that the “others” are also part of humanity and that my future depends on your future... We need compassion and sense of responsibility.”

The concept of interdependence calls for reconsideration of leadership process as such. Leader is not the person who is sitting on the top of a network of people with a power to navigate it. Leader himself is also a part of the network he is trying to “manage”. “Managing” that network means creating new meanings, values, beliefs and hence understandings and truths among people by being simultaneously an equal part of them. From that perspective leaders need to manage THROUGHOUT the network of people as Gossling and Mintzberg (2003) put it.

## **Mastery of macro leadership**

*“Executives will have to invest more and more on issues such as culture, values, ethos and intangibles. Instead of managers, they need to be cultivators and storytellers to capture minds.” (Leif Edvisson, pioneer on Intellectual Capital in Corporate Longitude 2002)*

Leaders need to grasp the big picture not only at business but also at economic, political and social landscapes, understand their underlying dynamics, sense the paradoxes, sustain their ambiguity, feel the trends emerging from that ambiguity, extract appropriate value propositions from them and mobilize people around those values and interpretations. This sort of leadership can be called macro leadership. More precisely, we defined macro leadership as the ability to:

1. Have a good grasp of the big picture
2. Understand the underlying causes of what’s happening
3. Identify the new trends
4. Explain to people the existing situation
5. Come up with some ideas on how to take advantage of the forces at work
6. Mobilize the people around their key value propositions
7. Impact reality in a positive way

It seems that many leaders in key corporate positions today are not quite comfortable (to say the least) with the Macro Leadership approach to Business. We maybe need a new generation of leaders with the seven following leadership skills:



- Ability to grasp the big picture of any situation using their analytical skills but also their intuition
- Ability to pinpoint the new trends before they are quite confirmed
- Ability to perform in a highly ambiguous, uncertain and unpredictable environment
- Ability to cope with the irreversibility of things
- Ability to grasp and explain complex things in simple ways
- Ability to thrive on the natural forces that exist in the market place as well as in our societies
- Ability to challenge the old assumptions and invent the new ones

In other words, macro leadership requires a different kind of mindset. It should be not only open to new ways to see things but also entrepreneurial enough to invent the new world of tomorrow.

### **Testing your macro leadership abilities**

Assess yourself on a scale from 1 (Not good) to 10 (very good) for each of the following proposition. How good are you at:

1. Focusing on the overall aspects of a given situation (big picture)
2. Avoiding to get lost into details
3. Using intuition to detect the new trends in your environment
4. Separating the essentials from the trivial
5. Setting up priorities
6. Fighting for new ways to understand things and people
7. Seeing opportunities where others see problems
8. Looking for the best multiplier effect in most situations
9. Enjoying power for the sake of improving things around
10. Sharing your conviction that the world needs to be re-invented

#### **De-Briefing**

If your total score is between 1 and 30: There is a good chance that you are not quite a “Macro Leader”. There is maybe a strong possibility that you have a tendency to get lost in details and “small” actions which are important but not priorities. Now it is also true that some critical jobs require this kind of attention. Is it your case?

If your total score is between 31 and 70: You are OK. You can have an overview of the situation you are in if necessary. You can also move back and forth between the micro and macro dimension of your reality. This is especially true if your score is around 50! Check again. Go back to the various items and reflect on their meanings.

If your total score is between 71 and 100: Either you are lying to yourself or you did not take the exercise very seriously. It is too much. Too use an extreme macro perception of what's happening in a given environment can be dangerous. You see the box but you miss the content of the same box. Think about it.

## **Tentative Conclusion**

*The best way to predict the future is to create it. (Peter Drucker)*

The challenges we are facing require a holistic approach to events. We must put things into perspective (including leadership) and prepare ourselves for the creation of a “better new world”.

Macro leadership goes beyond business leadership as such foremost addresses dilemmas and paradoxes that are emerging in economic, political and cultural landscapes beforehand. Macro leaders are willing to address high-order problems and challenges before they escape out of control and look for solutions. Current challenges of economic, political and cultural landscapes that need to be considered by any person that is wearing the leadership dress are tackling (1) more sustainable economic system arrangement, (2) more efficient political governance and democratic arrangement and (3) consider the value and belief systems that shape our truths. If those issues are addressed ASAP by sufficiently large population of leaders, the critical momentum to turn the world into the better place for all of us can be gained. Let macro leadership to occur!

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