

New leadership theories are about shedding the showmanship and bringing in heart instead, writes Julie Hare.

In 1977, a Harvard Business School professor unwittingly spawned a new industry. In an article for the *Harvard Business Review*, Abraham Zaleznik argued that American businesses were well managed – perhaps over-managed – but lacked leadership. Human qualities such as vision, passion and inspiration could, he argued, drive a corporation to greater heights.

On the back of that article, business schools shifted gear, creating new models, theories and frameworks for leadership. Individualistic paradigms, such as Charismatic, Mindful, Hero and Humble, have all, at some point in the past 30 years, served as models for helming a business.

In the aftermath of the dotcom crash and the global financial crisis, leadership theories adopted more humanistic approaches that largely revolved around the idea of setting aside individual ego in pursuit of the common corporate good. “Leadership models reflect the times,” says Tim Orton, founder of management consultancy firm Nous Group. “I don’t think people take much notice of the particular labels... but some contain interesting ideas.” And, he adds, those ideas can fundamentally define corporate culture.

Terrance Fitzsimmons, a lecturer in leadership theory at UQ Business School, says new leadership approaches have responded to the impact of larger-than-life CEOs. For his PhD, Fitzsimmons looked at Enron and other corporate failures. “What they had in common was aggressive, solo-flying CEOs who were leading the company into destruction,” he says. “So chairs and executive recruiters started looking for inclusive, transformational, communicative leaders; they didn’t want to be taken down the path to jail.”

Frederik Anseel, professor of management at UNSW Business School, agrees management theories are a product of their times – and that the current era is turbulent. “At the moment there’s a lot of uncertainty,” he says. “People are being told they need to reinvent their workplace and update their skills all the time. That requires a more nurturing leadership, which pays attention to how people feel and how to bring their best self to work – a different approach to, say, authoritarian and directive attitudes.”

Positive influence Starbucks became one of the first American companies to offer healthcare to its employees under the authentic leadership style of former CEO Howard Schultz.



AUTHENTIC LEADERSHIP

While vulnerability has been traditionally seen as a weakness in the workplace, in this leadership model it's seen as a strength and a powerful asset in an emotionally intelligent leader's arsenal.

Notions of authentic leadership emerged from the work of Bill George, a Harvard Business School professor who coined the phrase in his 2007 book, *True North: Discover Your Authentic Leadership*.

George described authentic leaders as being true to themselves: genuine, ethical, holding a set of consistent values and leading with their heart as well as their head. "They have courage, compassion, empathy... and they build long-term connected relationships," he told the *Harvard Business Review*.

He went on to say that leaders can be roughly divided into two groups: givers and takers. "As long as 'takers' make a lot of money, they don't care if the organisation fails or succeeds and they destroy much more value than they ever create. But they get a lot of attention because they appear to be powerful, charismatic people." Givers,

or authentic leaders, "know their role is to serve" and to help all their constituents simultaneously – customers, employees, shareholders and communities.

Howard Schultz, the former CEO of Starbucks, is a prime example, according to George. Schultz grew up in desperate poverty in Brooklyn as his father battled ill health and careened from one low-paid, insecure job to the next. His backstory was integral to the corporate culture Schultz developed at Starbucks, one of the first American companies to offer healthcare to all of its employees.

ETHICAL LEADERSHIP

Ethical leadership is a management theory that's been around at least since the 1980s. Its premise is that ethical practices and approaches flow down from the very top of an organisation.

In many ways, ethical leadership emerged as a reaction to a succession of corporate downfalls, although it's not always embraced. Think Lehman Brothers, Bear Stearns, Bernie Madoff and more

recently Theranos and WeWork. Locally, the banking royal commission revealed greed and malpractice.

Writing on The Conversation website in 2015, Australian academics David Tuffley and Amy Antonio identified five clear traits of ethical leaders: they "create a moral matrix that people internalise and operate from day to day"; they are selfless; their door is open; they embrace contrary opinions; and the buck stops with them.

The Ethisphere Institute, based in Arizona, annually lists the world's most ethical companies. In 2019, the institute paid tribute to Microsoft, IBM, Canon, Volvo and Intel for their decision to no longer use metals from conflict-ridden countries. The tiny Teachers Mutual Bank is the only Australian company on the list of 128.

"Ultimately, good ethics is good business," wrote Tuffley and Antonio. "The organisation that does the right thing – and is seen to be doing the right thing – is the one that will prosper in today's more connected and accountable world."

Indeed, the 2017 Deloitte Millennial Survey found the majority of young people expect companies to do more than simply

The power of ethical thinking

Jerome Reid's reality – his certainties and beliefs about the world in which he operates – was recently shaken to its very core. And it came in the form of a course in leadership.

"I've always been a utilitarian ethicist – most military officers are. Fundamentally, the happiness of the many outweighs the good of the few," says Reid, who joined the Australian Army as an infantry officer in 1994 and is now the director of Defence AI and of the Defence Technology Acceleration Centre at the Department of Defence in Canberra.



Jerome Reid
*The Australian Department of
Defence – Joint Capabilities Group*

"I always thought it was an important characteristic of military leadership – to see a problem and make a decision very quickly, to not stagnate with decision paralysis and to take people along with you."

As an alumnus of Cranlana Centre for Ethical Leadership in Melbourne, Reid's approach is now radically different. "The course completely deconstructed the entire fabric of my thinking," he says. "I learnt that if you want to solve complex problems you need a variety of ideals and

constructs that feed into it. I realised I needed to rethink my decision-making, shed my biases and rethink my world view."

Reid "would most certainly" describe himself as an ethical leader. "This idea of protecting our freedoms – as trite as it sounds – is a really fundamental part of who I am. An ethical leader is at pains to question how they live with the contradictions and tensions of leading in a modern organisation and how to do that in an ethically rigorous way. It's about building a better society."



In the red Servant leadership represents an antidote to larger-than-life, rockstar CEOs such as Adam Neumann (left), who steered WeWork into a multi-billion-dollar fall in valuation last year.

seek financial success and “those businesses that do engage in issues of concern to millennials are more likely to gain their trust and loyalty,” the report said.

SERVANT LEADERSHIP

Originating from a conservative Christian movement in the United States in the early 1970s, servant leadership is emerging as a useful paradigm for the modern world.

As the movement’s founder, Robert K. Greenleaf, wrote in a 1970 essay, “A servant-leader focuses primarily on the growth and wellbeing of people and the communities to which they belong. While traditional leadership generally involves the accumulation and exercise of power by one at the ‘top of the pyramid’, servant leadership is different. The servant-leader shares power, puts the needs of others first and helps people develop.”

UNSW’s Anseel, whose consulting clients include Barclays, Deloitte and Volvo, argues that servant leadership is a response to the charismatic leader personalities who came to prominence from the 1990s

onwards, such as Steve Jobs. “Servant leadership is about taking a back-seat role,” says Anseel. “It’s the employees who need to be recognised and the leader needs to serve them to bring out the best.”

Servant leadership works well for Tim Orton’s Nous Group, where the vision is clearly articulated and the leadership is distributed across a large senior group. “You do things that are in the best interests of the organisation rather than in your own interests,” he says.

WHAT’S IN A LABEL?

Orton subscribes to a hybrid style of leadership. He’s attracted to the idea of adaptive leadership – that organisations need to maintain the “right level of stress” – developed by Ronald Heifetz from Harvard University in 2002.

“If things are going too easily you need to raise the level of stress and introduce more challenge into the organisation,” says Orton. “If things are too stressed then the role of leader is to calm things down.” But he also agrees with notions of servant and

authentic leadership. “Nous Group has a strong emphasis on the fact leaders need to be very human. We want people to bring all of themselves to work in terms of their skills but also their characters, idiosyncrasies, family circumstances.”

While labels are useful, Anseel points to a vast 2016 study by US academics Ryan K. Gottfredson and Herman Aguinis that attempted to find correlations between leadership styles and employee performance. “It found that directive and authoritative leadership styles as well as supportive and relationship-oriented styles can have positive effects on performance. The quality of the relationships you nurture in your employees is what has a positive impact on performance,” says Anseel.

True leadership, however, is the “ultimate altruism”, says UQ’s Fitzsimmons. “Most leaders are unsung; they’re not recompensed magnificently. We see volunteer fire brigade leaders putting their lives on the line for us. When we think about leadership, we tend to think about big global or national companies. But that’s not the sort of leadership you’d need if you were trapped on a desert island.” ●

Leading with vulnerability

Once a wayward twentysomething who eschewed university for fun on the ski fields, Leanne Harwood is now managing director, Australasia and Japan, at InterContinental Hotels Group. She wrangled her successful career out of ample work ethic, intelligence, people skills, resilience and resentment at what she calls the sexism endemic in the sector when she started out.

“Standing behind a bar working with patrons helped me understand what the industry is really about and it shaped my passion for it,” says Harwood.

“Good leaders are true to who they are and bring their whole self into what they do. They are the ones who can inspire others to do better.”

Harwood describes her approach as that of a vulnerable leader – “somebody who’s prepared to show we don’t always get it right and when things do go wrong we’ll take a step back and share what happened and what we learnt from it”.

Having no formal training, Harwood acknowledges her chronic “imposter syndrome”. “I wouldn’t be a vulnerable and



Leanne Harwood
InterContinental Hotels Group

authentic leader if I didn’t admit to that,” she says, but adds that “it’s important to be comfortable having a group of people around that are smarter than you.”

For her, vulnerability is not the same as frailty. “Vulnerable leaders take their teams on a journey, building bonds that lead to more effective results and performance.” She says that it’s “a lot harder than it sounds... Being prepared to tap into intelligence and trust in the people around you requires a sense of self-actualisation and being comfortable in your own skin.”