

Business as usual is no longer an option

With the deepening economic crisis, increased complexity, volatility and pace of change, it is obvious that traditional management and leadership approaches do not work anymore. **Vlatka Hlupic**, Professor of Business & Management, Westminster Business School, argues that emergent leadership is the way forward

Traditionally managed organisations resemble supertankers, difficult to respond to any sudden changes in their environment and difficult to change their course. Modern organisations should be managed and led as sailing boats – a general direction is to be determined, but the journey towards the destination should be flexible depending on the environmental conditions. Adaptability and resilience are key for the success of modern businesses, and this cannot be achieved using traditional leadership styles.

There is a dramatic need for a new mindset and leadership skills. Conventional leadership approaches have been based on the Newtonian machine model that focuses on hierarchical linearity, a culture based on rules, command and control and formal relationships. Whilst this approach might work well in predictable and stable environments, there is ample research evidence that in dynamic and complex business environments this traditional approach inhibits creativity and innovation and decreases motivation and productivity. In traditionally managed organisations, structures distribute power and processes distribute tasks. Both are about creating stability, repeatability and predictability – in an unstable, chaotic world, which demands innovation. So we ask people to innovate in a system that is designed to produce the reverse, and then complain when they don't deliver!

Power shift

Paradoxically, modern business environments fueled by interconnectivity and the technological revolution are predominantly

comprised of knowledge workers whose creativity and innovation are the main driving force for value creation. These workers are being intrinsically motivated, value experts rather than hierarchy and are highly mobile. They are likely to ignore hierarchical instructions and leave if dissatisfied or do not feel sufficiently valued.

They want power over their functions. They view themselves as being 'professional' and 'intellectual', considering knowledge as a basis for their accomplishment. Because they have a key individual role to play in the functioning of the organisation and are involved in complex problem-solving, they ask for the sharing of power. Knowledge workers, being knowledge assets, have the freedom of movement, and can withdraw or reduce the cooperation, or can demand an increased share of the value they add. As a consequence of this, the firms that want to maximise their tacit competitive advantage should have leadership capability to optimise and retain their human assets. This has resulted in a shift in power, whereby these workers are exercising an upward influence on the leadership relationship. No one leader can have a collective understanding of the functions performed by the group to effectively lead it.

Letting go

So how can these workers be led to unleash their creativity and potential for innovation? They can only be led using emergent leadership approaches based on the main premise that leaders can gain more power, influence and profit by 'letting go'. By eschewing formal power, relaxing control

and allowing decisions to be made on the basis of knowledge, skills and experience rather than on the formal position in an organisational hierarchy, leaders can enable a dramatic shift in performance.

These requirements for knowledge organisation leadership are in contrast with the dominant paradigm in leadership theory which is focused on how leaders influence others towards desired objectives within the frameworks of hierarchical organisational structures. To be effective, the leaders should, in addition to reducing control, also reduce administrative burden and rules, and support decentralised management structures. In this context, leaders need to change, give up the perception of control and concentrate on setting a larger vision from where the creativity of the employees can emerge.

Whilst the main ideas related to emergent leadership have been around in scientific literature for some time, their practical application has been rare and problematic and a growing number of examples have started to emerge. For example, the application of emergent leadership principles in a German IT consulting company has resulted in a 1700 per cent increase in profit and a 23 per cent increase in the number of employees in the first year, and a further 240 per cent increase in the profit and a 20 per cent increase in the number of employees in the second year despite an economy in a recession. Our article on this study entitled *To be a better leader, give up authority* has been published in December's 2009 issue of the *Harvard Business Review*.

What is emergent leadership?

Emergent leadership is defined as a new leadership approach that brings more innovation and profit through distribution of formal power and decision making, interaction through informal networks and experimentation and learning. The main underlying concepts are: the leadership is about facilitating and enabling rather than directing and controlling. More work is accomplished through learning by doing rather than by formal instruction.

Experimenting and allowing good attempts (and tolerating mistakes) instead of target setting, planning and controlling lead to more innovation and better performance. This new approach is also about creating new knowledge by sharing information across functional boundaries and interacting across networks. Decisions emerge through interactions, power positions are being switched depending on situation, project and required knowledge to accomplish the task. Allegiance is given to principles and common values rather than to a formal leader. Leaders should facilitate development of a high level of trust, leadership then emerges through dialogue and interdependence. In this context, it is also important to allow flexibility with procedures, rules and regulations and allow most competent people to make quick decisions as appropriate rather than go through lengthy formal processes, where decision might be made by a person who does not have the most appropriate knowledge for making that decision. Last but not least, trusting that people will do the right things instead of controlling their behaviour and imposing decisions on them unleashes their full potential which will lead to more profits.

Creative process

When an emergent leadership culture is implemented, employees are intrinsically motivated to perform well, a strong team culture is developed, and levels of stress and absenteeism are reduced. There is more

cooperation, and strong social networks are formed. Employees are very motivated to perform well. Collaboration and cross-fertilisation of ideas between communities of interests are the key driving forces for innovation. The roles and responsibilities are delegated rather than tasks. The retention of the key talent is improved, and loyalty to an organisation is improved due to the caring culture that has developed. Many decisions are made in parallel, more quickly by the most competent people. At the same time, the quality and quantity of decisions are improved. Importantly, customer satisfaction is improved and new partnerships are created. Organisations achieve greater level of flexibility, agility and resilience to constant changes, and this all leads to increased profit.

What does this mean to leaders? By giving away formal power, leaders will get more power back, as more will be achieved with less effort. This will make the leader's life easier with less stress and burnout. Most importantly, leaders will develop more motivated, innovative, and energised employees.

Emergent leadership is a paradigm breaking approach to leading organisations. It produces profound results and in a world changing as fast as ours is the main ingredient for organisational success.

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