



Thought Paper:

Leadership in and for the 21st Century

Today's business leader is conspicuously concerned with the impact of change upon business practices. Globalization and technology have contributed to tougher competition and better informed, more demanding customers. These changes place new demands upon leadership, such that previously successful leadership styles are less effective and, in many cases, counterproductive. Leadership in the 21st Century must be different if businesses are to successfully compete in the marketplace.

The Internet is clearly influencing the intensity with which technology is accelerating change, especially the areas of marketing and sales promotion. This rapid rate of change requires more flexible leadership styles that promote and reward innovation, which Drucker (cited in Dundon and Pattakos, 2001) sees as "the core competency of the next [21st] century" (p. 52). Innovation drives ideas that rarely come wrapped in neat boxes. The essence of innovation is imagining new possibilities. In order to survive and thrive in a highly competitive global environment, organizations and companies need to recognize and adapt quickly to these new possibilities.

Hamel (2000) emphasizes that there are several factors working against innovation in large companies: "Most management processes are...calendar-driven...biased toward conservation rather than growth...take the existing business model as the point of departure...focus on existing customers and markets...are controlled by the defenders of the past [and]...[and] are implicitly risk averse" (p. 291-292). How a company innovates determines its future, thus the leadership style within rapidly evolving organizations must be geared to support innovation if a business expects to survive.

Over the past 30 years American business schools have done a good job of teaching management but a poor job of teaching leadership (Bennis and O'Toole, 2005). Attention to the bottom-line is important for profitability, but profitability is equally dependent upon other factors such as innovation for long-term sustainability of any business. People get the job done, and contrary to most business school texts, people cannot be managed - **they need to be led.** Bergmann, Hurson and Russ-Eft (1999) note, "Organizations cannot survive if leadership is limited to executives and management" (p. 19). Developing leadership at the "grass-roots" level is an effective way for more mature organizations to capitalize upon the drive for personal power while transforming themselves into more adaptive structures that sustain performance through turbulent times.

Leadership at the grass roots? Surely this is not a hierarchical approach to leadership, but then again, what is leadership? Leadership is not pixie dust that only people in positions of authority possess or a pill that one can ingest to gain the wisdom of ages. In its most basic form, leadership has little to do with authority; rather, leadership is about influence. Burns (1978) claims that leadership "occurs when one or more persons *engage* with others in such a way that leaders *and followers* [italics added] raise one another to higher levels of motivation and morality" (p. 20). In part, Burns describes "transformational leadership" which is clearly different than various styles of transactional leadership that were characteristic of the 20th Century.

Transactional leadership occurs where “leaders approach followers with an eye to exchanging one thing for another...Such transactions comprise the bulk of relationships among leaders and followers, especially in groups, legislatures and parties” (Burns, 1978, p. 4). “Contingent-reward”, where an employee’s reward is contingent upon the leader’s satisfaction, is an example of transactional leadership. However, the 21st century will be dominated by knowledge workers (Drucker, 1999), requiring different ways and styles of leadership, especially when company success is dependent upon knowledge worker output - knowledge and ideas - rather than a physical presence in the workplace. What worked well last century will not yield similar success in the future.

Leadership must be seen in a new light; leadership itself must be transformed. This transformation requires that leaders of the organization, i.e., those who see the big picture, effectively communicate and collaborate with leaders in the organization, i.e., those who execute the mission to achieve goals, to ensure that task leaders actually get the job done, i.e., the “grass roots” leaders – the leaders by which results are achieved. According to Burns (1978), transformational leadership occurs when leaders recognize and exploit an existing need or demand within a follower while also seeking the follower’s motives to satisfy higher needs (p. 4). Transformational leadership gets to the heart of the leader-follower relationship.

The dynamics of the leader-follower relationship are changing—dramatically. Burns (2003) notes this process is complex, multidimensional, fluid, and transforming such that “persons initially labeled ‘leaders’ or ‘followers’ come to succeed each other, merge with each other, substitute for each other” (p. 185). Thus, influence within the leadership relationship is no longer hierarchical but rather horizontal—the leader and follower are interdependent rather than dependent upon each other. Transformational leaders motivate others to perform, to be accountable, and to engage in the free flow of ideas for innovation, building upon others’ ideas to achieve innovations previously considered unimaginable.

Ulrich, Zenger and Smallwood (1999) believe that leaders who are properly motivated desire to “see worthwhile things accomplished” and to “multiply their results through high-level group performance” such that greater results are created than any one person could achieve on his or her own (p.189). Although this description applies to the present and future as well as the past, the pace of change and the drive toward globalization has disrupted organizational structures that made modern-era companies successful in the past. Today is a new era, and organizations must adapt rapidly. Organizational resilience depends upon flexible leaders who can transform themselves as well as their companies, leaders who effectively tap employees’ knowledge and ideas for innovations that will fuel organizational growth and profitability in this post-modern age.

Effective 21st Century companies must integrate leaders *of*, *in*, and *by* the organization to achieve success. Effective executives recognize leadership exists throughout the enterprise rather than simply on top of it. To learn more about transformational leadership and organizational transformation for the post-modern age, contact GuideStar, Inc. at (630) 301-9646 or (312) 371-1095.

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