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Managing Leadership from a Systemic Perspective

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ABSTRACT

*How can an organisation best understand, expand, release, promote,
improve, combine and apply leadership capability suited to its needs?*

The traditional model of individual leadership behaviour and development is no longer in tune with latest knowledge of the dynamics entailed in leadership performance in today's complex environment. Development tools drawn from psychology insufficiently address the realities of organisational life. Understanding of the new sciences and the study of systems, combined with progressive 21stC social values, demand that a new perspective of leadership be taken, reflecting the holistic context in which leadership processes are now required to operate.

This paper presents a systemic view of leadership, where the leadership role is one factor in an intricate system of interacting elements that affect how leadership is best applied in organisation settings and how it can be improved. The model challenges conventional approaches to the definition, specification and codification of leadership, as well as the way leadership is studied, how it is assessed and developed. Implications for various academic disciplines are considered, and a range of HR processes are discussed, including leadership development, accountability, coaching and performance management.

THE VIEWS EXPRESSED IN THIS PAPER ARE THOSE OF THE AUTHOR AND DO NOT NECESSARILY REPRESENT THOSE OF LONDON METROPOLITAN UNIVERSITY BUSINESS SCHOOL OR THE CENTRE FOR PROGRESSIVE LEADERSHIP.

1. INTRODUCTION

The way most people view leadership and seek improvement in organisations is deeply ingrained. They think about leadership from the position of individuals who lead, rather than approaching the subject from the organisation's end of the telescope such as asking what it needs to be well led. They envisage managers behaving and acting in a firm, leader-like manner, displaying what they consider to be personal leadership qualities to get things done. Their viewpoint seems natural, reasonable and non-controversial. But this individual-leader perspective is at best incomplete and at worst distracting. It conflates leadership with its development. It neglects whether and how leadership is applied and what stops it. It equates managers' application of leadership with assessment of their personality, behaviour and fit against some leadership model or framework. And it seeks remedies in personal development to address analysed training needs, deficits or satisfy requests for courses.

Critics point out that this conventional approach fails to achieve much improvement for the organisation beyond the narrow confines of a manager's job, if that. Managers don't apply unfettered leadership energy, certainly not to leverage improvement for the organisation. Much touted *distributed leadership* is more honoured in the breach than the observance. So what is going on, what is needed, what is missing, and what can be done?

The familiar approach overlooks key aspects of reality about the application of leadership in an organisation. Crucial among these is that a manager's leadership activity is not pursued by individuals acting alone, confidently, trusted, and free of restraint or political interference. Leadership is foremost a social activity, an empathic as much as a cognitive pursuit, one conducted through relationships. Moreover, leadership wholly depends on interacting not just with colleagues and other people, but also with other organisational *things*. These various interconnecting pieces are part of a complex leadership puzzle located in the manager's immediate environment, in what goes on around and between managers.

Searching for leadership in the organisational 'system' rather than simply in the individual more closely reflects reality. An organisation's services are delivered to customers and markets by systems, not by individuals. It is ultimately an integrated system that gets things done. Organisations succeed or fail as systems. A prime job of organisational leadership is to optimise that system. Focusing development on how the whole comes together and works inter-connectedly makes more sense than concentrating development on optimising nodes. A competent individual can be thought of as a node, one of the parts – albeit an important one – that contributes to the whole, but still a part – affected, energised and compromised by other parts. There is more to the system than parts.

This particular penny is slow to drop. Perhaps because of its historical responsibility for the individual employee's recruitment, assessment, pay and termination, HR places the individual at the heart of organisation concerns with performance and productivity: in goal and target setting, training and development, coaching, performance reviews, accountability, and incentives and rewards. HR allows expertise in occupational psychology to dominate its organisation development (OD) role and interest in improving group and system performance, privileging individual capability over system dynamics.

A wider systems perspective of the organisation requires that HR becomes more open to solutions that draw on other related disciplines: sociology, social-psychology, anthropology, behavioural economics, cultural theory, systems thinking, complexity and chaos theory and even neuroscience. Such a broadening presents a challenge to professionals used to isolating individuals for the purpose of studying their performance, identifying individual ability, specifying appropriate behaviours and

other solutions. But an individual-based focus makes little sense since it is impossible to isolate the parts from the system dynamic. If aggregated performance improvement is to receive greater attention, then HR's contribution requires greater consideration of the wider system's dynamic behaviour and performance.

To improve leadership, developers and leaders must learn to see and manage the organisation and the leadership process from a systemic perspective. Developers will need to employ a range of academic and management theories, disciplines and tools that will help them better understand, develop and manage leadership as a property of the organisation and not just of the individual. Leadership is a resource that will thrive only if husbanded by the organisation and not left to individual leaders to pursue unguided and free of clearly managed accountability. Not only does leadership become a more important target for development than leaders, organisation development methods become more important than management development ones, and leadership *process* becomes more important than leadership *skill*.

For managers and organisations alike, leadership's canvas is sociological and political as much as it is psychological. The mistaken ideal of the successful lone leader, coupled with a focus on individual capability, lives on in people's minds and in development activities. This familiar mindset hinders an unpacking of the nuances of the leadership challenge. It impairs a disposition to understand and address the complex, multi-dimensional dynamics involved in successfully exercising leadership in a real organisation context.

This white paper begins by clarifying the systems perspective, its origins and significance. It then draws on this background to liberate, focus and apply leadership in organisations. The analogy of a fishtank representing the organisation as a system helps us understand the organisation's dynamics. Building on this, an appreciation of the complexity in managers' environment follows with what this implies for leadership. The notion of distributed leadership is considered, leading naturally to issues of leadership culture. Well-known systemic failures are examined for their leadership implications. Then we consider some improvement options, leading to the nature of performance conversations and the role of OD. The purpose is to help readers achieve a fuller understanding of the systemic viewpoint and how to achieve leadership improvement benefiting the organisation.

2. RECOGNISING THE LEADERSHIP SYSTEM

Leadership practice too easily forgets history. Systems have been studied for a hundred years or more. Older still is John Donne's 1624 meditation that "no man is an island". We pretend not to know that a manager's leadership capability is just one component, along with colleagues, in a complex system of interacting elements. Together, these determine whether and how leadership is liberated, focused and applied – both in managers' jobs and in the wider organisation. This system affects the organisation's capacity for development and improvement. It also accounts for whether and how leadership is squandered – something that is neglected by many developers.

The system's influence means that leadership cannot meaningfully be defined, analysed, specified and codified, nor can it be examined, appraised and assessed, independently of what is happening around and between managers and others in the organisational context. To consider managers' exercise of leadership, it is therefore necessary to appreciate what is actually going on for them at a given time and place, including interactions with whom (including their boss) and with what else in their situation.

“We should notice, too, what is sometimes forgotten, that in the social situation two processes always go on together: the adjustment of man and man, and the adjustment of man and the situation.” (Mary Parker Follett, *Creative Experience*, 1924)

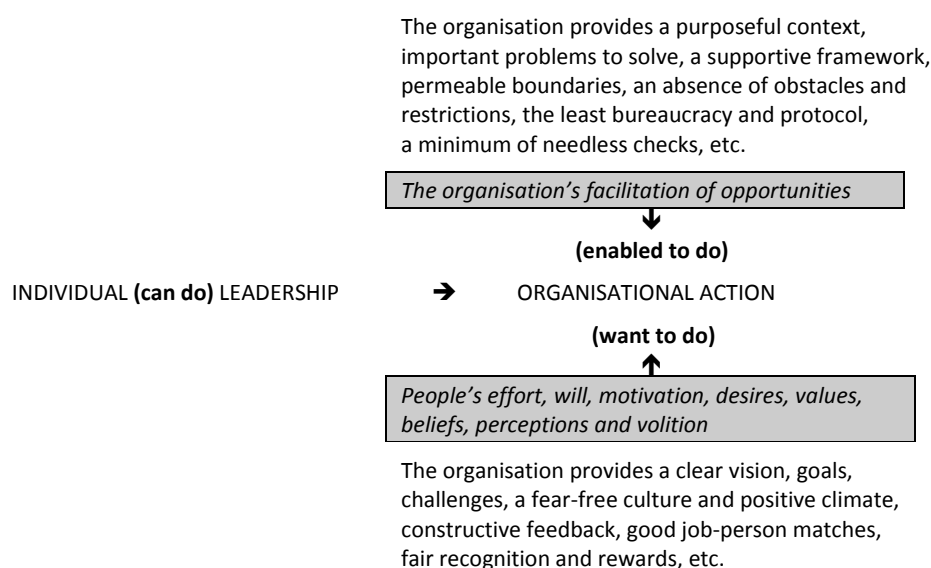
Echoing Follett in 1936, Kurt Lewin, the founding father of social psychology, propounded his view in the heuristic $B = f(P, E)$. An individual's **B**ehaviour is a function of that **P**erson's personality, competence, training, etc. and his/her **E**nvironment. Given today's political emphasis on 'skills', it is salutary to be reminded of Lewin's largely forgotten dictum on how performance arises.

“It is necessary to find methods of representing person and environment in common terms as parts of one situation.”
(Kurt Lewin, *Principles of Topological Psychology*, 1936: 12).

Lewin's environmental context has been cast aside in a rush to offer the hope of achieving improved leadership via individual training and development without paying equal attention to, and undertaking corresponding improvement work on, the organisation itself.

Today's systems thinkers and industrial engineers express broadly similar sentiments to Lewin. We better understand the significance of the system that surrounds individuals in their work. This system is a substantial determinant of performance when compared with personal ability. In his *Seven Deadly Sins*, W. Edwards Deming lists “Placing blame on workforces who are only responsible for 15% of mistakes where the system designed by management is responsible for 85% of the unintended consequences. ... A manager needs to understand that the performance of anyone is governed largely by the system that he works in ... it is the structure of the organisation rather than the employees, alone, which holds the key to improving the quality of output” (Deming, 1986: 23-24). With employee engagement being so popular at the moment, this is clearly a factor to consider. Supporting Deming, John Seddon (2003) claims simply that “it's the system that governs performance”.

This is a fairly widely held view, though the matter of 'how much' compared with individual human agency and the interpretation of Deming's percentages is disputed. The widely applied Pareto Principle may offer a useful rule of thumb, with 20% of a person's performance being attributable to their own capability, and 80% affected by factors connected with what surrounds them. The figure below shows how organisation factors help convert individual leadership ability into action (Tate, 2009: 134)



The diagram is a starting point. It shows factors that affect the individual's performance. It does not represent the whole story. Wider organisation performance needs to take into account the way relationships affect collective performance.

The temptation of reductionism over holism

Since the time of René Decartes and Isaac Newton in the 17thC a reductionist approach has been breaking things down into individual parts to fix them, assuming and hoping that this will optimise the whole. As Senge et al (1995: 190-191), pointed out, scientific search for performance's core components led to a false and atomised understanding of people in organisations. A tempting, observable and seemingly easy candidate for this narrow, supply-sided approach (i.e. one that neglects Deming and Lewin's environment), is a manager's personal ability. But you cannot fix the whole by isolating and fixing parts.

The beginning of the twentieth century heralded the end of the hegemony of Newtonian thinking, claims Margaret Wheatley (1999: 32-34). "In the quantum world, relationships are not just interesting; to many physicists they are all there is to reality. ... The quantum world has demolished the concept of the unconnected individual." Using the musical analogy, the ability to sound the right note remains a core competency, but making music depends on the intervals in the score and relationships between the parts (Tate, 2009). Gregory Bateson (1980) urges that we stop teaching facts – the 'things' of knowledge – and focus, instead, on relationships as the basis for all definitions. With relationships we give up predictability and open up to potentials, points out Wheatley (ibid). None of us exists independent of our relationships with others. Different settings and people evoke some qualities from us and leave others dormant. In each of these relationships, we are different, new in some way, she observes.

Advocating the *primacy of the whole*, Peter Senge (1994: 25) suggests that relationships are, in a genuine sense, more fundamental than things, and that wholes are primordial to parts. We do not have to create interconnectedness, he claims: the world is already interrelated. But in the West we tend to assume that parts are primary, existing somehow independent of the wholes within which they are constituted. ... "In the realm of management and leadership, many people are conditioned to see our organisations as things rather than as patterns of interaction. We look for solutions that will 'fix problems' as if they are external and can be fixed without 'fixing' that which is within us that led to their creation." But you cannot fix the organisation by fixing the managers; you need to examine what surrounds them and is affecting them.

*"Group behaviour is not simply the sum of the behaviour of individuals.
It has its own institutional life and responds to other impulses"*
(Alan Billings, on the subject of the Hillsborough Enquiry, 2012).

If leadership is to be enabled in the organisation at large, aspects of the managers' context needs to be in the performance frame. It is not sufficient that managers are merely aware of the context and enjoy the organisation's support for their training and development. We need to understand the 'impulses' that stem from the organisation. We need to analyse how leadership works as a system. We need to see the haze of the culture that hangs over managers and treat this as a candidate for questioning and a target for improvement. Indeed, it is often what is and is not happening in the quality of the organisation's interconnections that explains and justifies why the manager needs to exercise leadership – i.e. to reform that context and address dysfunctional aspects, in turn making it easier for others to exercise personal leadership.

Beyond individual leaders

Given the necessary permission, managers may be able to effect some limited changes, mostly in their own jobs. Major leadership development programmes work on the dubious ‘critical mass’ assumption (as in the BBC’s case, where managers are told ‘The BBC is its people. You are the organisation. If it needs changing, it is up to you to change it’). We have recently observed the futility of that injunction in terms of effecting system change. That is hardly surprising, given that the relevant body of managers don’t meet formally together, don’t know each other, don’t share the same aims, compete against each other, lack a unifying structure, have no collective authority, lack a practical means of having their behaviour performance managed, and have no means of being held to account for any reforms that may be entailed (Tate, 2010). In any case, the managers are fully occupied doing their day job. So the director general’s permission to change the BBC is likely to fall on deaf ears. Training activity is also best viewed in a supporting rather than a leading role.

The earlier point about viewing leadership from the organisation’s end of the telescope is important too. There are certain system and strategic changes that will always lie beyond the reach of all but the most senior managers, and they will need to be aided by professional system-change expertise. Such aspects include:

- introducing a means of holding individuals and management teams to account, especially for change (see later section in this paper on the topic of Accountability),
- tenure issues (stimulating change and renewal by ensuring that managers don’t remain too long in post and become ‘part of the problem rather than part of the solution’),
- ensuring that the executive board clarifies who is the official in the organisation tasked with ongoing responsibility for monitoring and advising the board on the state of health of the fishtank. (This is an aspect of Risk Management, as the BBC’s vulnerability was demonstrated by its response to the Savile disclosures.)

Failing NHS bosses will go, BBC News, 06 January 2013

Health Secretary Jeremy Hunt has warned NHS managers cannot expect to keep their jobs if they preside over failings in care. Mr Hunt, writing in the *Sunday Telegraph*, said ‘proper accountability’ was needed in the health service. He was writing ahead of a report into failings at Stafford Hospital. ... Managers were found to have been distracted by targets and cost-cutting, and regulators were accused of failing to pick up problems quickly enough, despite warnings from staff and patients. BBC health correspondent Branwen Jeffreys says the inquiry report may well call for a rethink on the regulation of healthcare. “Most of all we need a change of culture,” Jeremy Hunt claimed.

Culture is crucial (of course), as are values. Jeremy Hunt is right on those points. But inside the hospital, managers and nurses will probably cite ‘the system’ as a description and explanation for failings. More than values, they will likely focus on tangible and sometimes political and structural impositions and conditions in their work environment that shape how work gets done and what affects people’s performance. Viewing the way the organisation works (and fails) as a system opens the door to practical discussion on possible changes to bring about improvement. Culture must be tackled, but the system is more concrete and amenable than ‘culture change’.

Leadership is influenced by culture (Schein, 2004), especially by leadership’s own culture (‘the way the leadership process works around here’). As Lewin suggested, the environment and the person are in a symbiotic relationship. The environment itself affects the manager’s ability to perform as a leader, constraining attempts to make the changes that the organisation needs. Engagement, like the flow of influence on and by the culture, is a two-way commitment. The manager-organisation

nexus means that the most critical leadership issues are concerned with how the leadership process is inevitably bound up with other players and with other factors in the organisation's composition. An organisation provides an environment that includes resources, leadership challenges, opportunities to compete and collaborate, permission to lead, and consent to be led. The organisation expects managers to lead as well as manage, and it should know what it needs these twin roles for. The environment includes governance and accountability arrangements, and an ethical leadership culture. It contains a hierarchical structure, power, HR policies and procedures, politics, targets, measures, incentives and rewards. All these affect both what is possible and managers' perception of what is worth attempting.

This complex mix of forces exerted on managers raises questions for the organisation if leadership is to be attempted and successfully delivered. In order to understand, locate and develop these other factors holistically (i.e. as a whole integrated system of leadership) we must search beyond the individual leader – penetrating the organisation, its culture and especially its *leadership* culture.

A recent talk by Michael Ignatieff illustrates the systemic point by distinguishing between enemies and adversaries. He says there is a need to respect, work with and compromise with adversaries. They are integral to the system. We should avoid treating adversaries as though they are enemies; when we see adversaries as enemies we stop trying to understand and work with them.

"It is difficult for all societies to live without enemies. ... We need another, we need the other. I just think it's terribly important not to be captured by the other, not to be defined by our antagonisms, not to be defined by our competitiveness, to always retain that thing that is uniquely human, this capacity for empathy, imagining what the world looks like inside someone else's head." (Michael Ignatieff, 2012)

For an individual manager needing to compete, survive and win, Ignatieff's advice holds little attraction. But it makes sense once managers are encouraged to give their focus and loyalty to the system, be concerned with how well it works as a whole, and are rewarded accordingly.

Mary Parker Follett (1868-1933) – prescient management thinker and champion of democracy and power sharing – claimed that:

"leadership is not defined by the exercise of power, but by the capacity to increase the sense of power among those led" (Follett, 1924: 122).

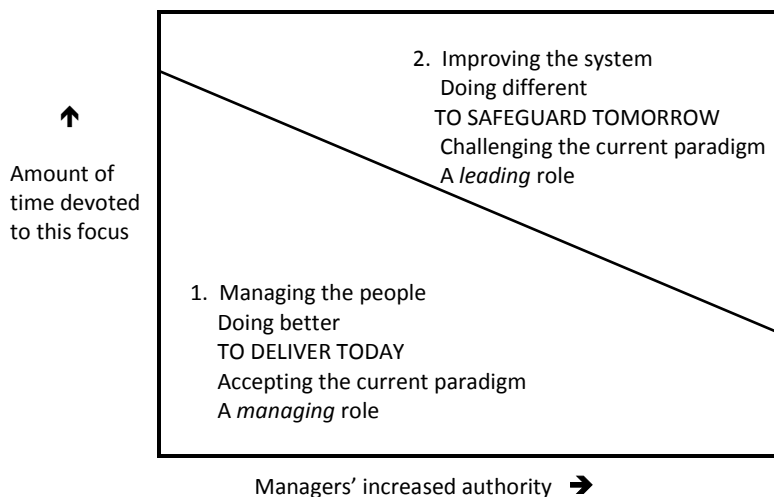
Follett was the first to talk about 'power with' rather than 'power over' (Metcalf and Urwick, 1942: 72-95). Her *law of situation* responded to too much "bossism" in giving orders (ibid: 32): 'the order should not be given by one person to the other, rather both the order giver and the order taker should take the order from the situation rather than the authority of the individual'. Her views anticipated those of Lewin whom she predated by 20 years and could be said to prefigure interest in participative management, systems, the language of 'command and control', and distributed leadership.

3. ENABLING THE ORGANISATION'S LEADERSHIP CAPABILITY

Managers have two broad options in how to use their authority to serve the organisation at any given moment. They can perceive themselves to be in managerial mode delivering today's outcomes within the relative certainty of the system as it currently exists, or stepping out of that mode into the

less certain role called leadership. Their daily performance combines operational management of today's needs along with a more strategic leadership role focused on tomorrow's.

A key aspect of leadership includes challenging the prevailing paradigm, asking 'Why are we continuing to do what we are continuing to do the way we are continuing to do it?'. The organisation may not welcome this question, but the provocative aspect of the leadership role is needed to safeguard the organisation's future, ensuring that tomorrow works better than today. Organisations that decide not to distinguish leadership from management in this formal way should nonetheless recognise the need to license healthy challenge to the prevailing paradigm. The figure below shows how the time devoted to these twin responsibilities varies with the seniority of the position.

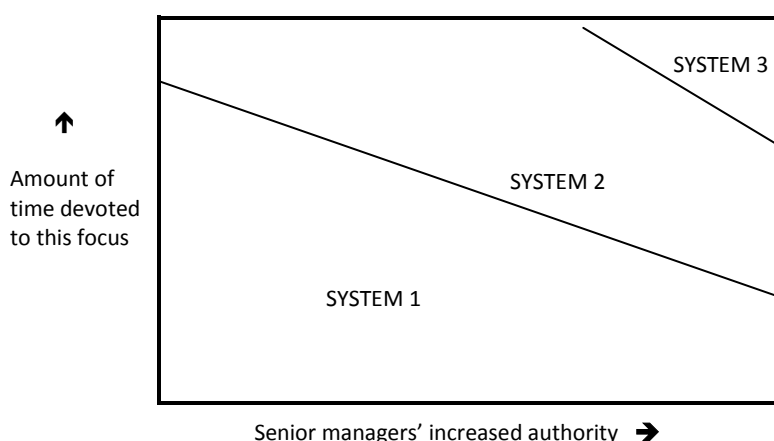


Using leadership to improve the way the system works for everyone and for the future requires:

- awareness of the current paradigm
- a restlessness with its limitations
- a view of what an improved state might look like
- the courage and energy to challenge and seek something better.

In systems terms there are three roles:

- 1 managers delivering today under the present paradigm (System 1)
- 2 managers improving the paradigm to secure tomorrow (System 2)
- 3 senior managers overseeing those who propose solutions and make changes (System 3)



This third level of refinement is for senior executives whose job is to supervise leaders (see Tate, 2009: 215-218). All managers run the risk of becoming overly reactive to the needs and demands of others, of confusing the three roles, of responding to the urgent and tactical short term ahead of the important and strategic longer term, and of addressing the people rather than the system. Level three highlights the risk of senior executives directly leading change themselves where instead they should be supervising or overseeing other managers who have that hands-on responsibility. Managing the role mix is a difficult enough balancing act if undertaken consciously; it is made easier with the help of a mental model like that above, and ideally a coach to prompt reflection, and a superior to ensure appropriate accountability matched to the role required.

The 'super-leadership' role brings a distinctive set of strategic actions and responsibilities:

1. provides a context, reason and challenge
2. gives permission for the process and events to happen
3. provides funds, time and other resources
4. defines a standard of what success or 'good enough' looks like
5. ensures readiness for change: a point between excessive stability and anarchy. (In complexity theory this point is known as the *edge of chaos*. Managers who have grown up believing that their job is to create order may find this expression intimidating.)
6. disturbs or shakes up the status quo for relevant aspects of how the organisation works and moves forward, making clear that the status quo is not an option. In parallel, maintains stability of business interests (e.g. safeguarding customers' confidence during the change)
7. loosens the system, to weaken strictly hierarchical management of change
8. licenses more widely distributed power for managers to engage in system-wide improvement
9. gives managers a collective and cross-silo identity
10. makes people's fate rely on interdependence, which leads to cooperation, warmth in relationships, and people taking a fair share of responsibility
11. makes clear how the relevant people will be held accountable, individually and/or collectively
12. sets a tight timescale to instil urgency, and gets agreement to this.

It is important that senior managers who need to spend substantial time in Systems 2 and 3 roles should have a view of themselves as leaders of improvement and reform, rather than as super-efficient managers. They need to want to do different things and do things differently, and not simply do present things better and more efficiently.

Leadership calls for the courage to take on the status quo, recognise and challenge the forces of complacency and, more dangerously, face leaders who have to thank the current paradigm for their career success and the power that goes with it. For managers and organisations that are willing to embrace this challenge, a question for the employer is this:

How can the organisation permit and ensure that members of management teams who are required to exercise leadership remain conscious of and focused appropriately on, not just the role they have of managing, but also the role they have of leading?

Few organisations give much thought to managers' distinctive roles, with the consequence that the leadership role/act is largely elective. It is usually left to individuals' personal discretion when and how they perceive their leadership role (between systems 1 and 2, and between 2 and 3), what distinctions they make between managing, leading and super-leading, and which 'hat' they choose

(mostly unconsciously) to wear at a given time. When presented with a need for courageous leadership, they may don the appropriate hat if they feel sufficiently safe, and if they sense they have a degree of permission from the organisation or at least an absence of resistance.

For these reasons, responsibility for ensuing leadership action and outcomes is shared with the organisation because it is what is going on around managers that determines how they will perceive these different roles when it matters, what they think their leadership action should then be, what they choose to do about it, and what impact it is allowed to have on the organisation.

Supplementary questions for the organisation include: What does it mean by leadership? What does it believe it needs leadership for? What will leadership be applied to? Exactly where in the organisation is the greatest need? What will leadership action achieve that management action won't and can't? What in the organisation needs to change and improve? How will it know leadership is happening and that it's appropriate? (For further questions, see Tate, 2009 and www.systemicleadershipinstitute.org.)

(Note for readers who may be concerned about the author's reification of the abstract organisation as a real actor and of giving it human-like qualities. Organisations contain a wide range of viewpoints among their members, not least on how much change is needed and where and by whom. Here we are taking 'the organisation' to mean the view that prevails of those who are considered to speak for and represent the organisation's voice.)

Besides an interest in raising managers' consciousness and providing them with relevant focus, such questions raise issues of *purpose, definition, responsibility* and *accountability*. They show that managers need to be freely *enabled* to lead, have appropriate *opportunities* to lead, and possess and keep alive the *will* to lead. These are all fundamental to the leadership process and to the achievement of leadership outcomes. Simply having the ability to lead is not enough: the individual's leadership *skill, competency, behaviours and qualities* are just one part of the wider leadership equation. The bigger – and the more overlooked half of the equation – is driven by the organisation, by what surrounds managers. While managers may work in big and clearly defined jobs, they are bit-players in an all-enveloping, confusing system.

The organisation's leadership process rather than the leaders

This analysis leads us to talk more about leadership than leaders. We see leadership as an organisational process more than as a personal skill. We appreciate that leadership is one of an organisation's resources that, like all resources, needs to be managed if it is to release its goods. If competency is important, then what matters most is that *organisational* leadership competency is manifested to the range of stakeholders. People talk about the organisation as being well led. Managers' ability to demonstrate their possession of *individual* leadership competency is a means to that wider end.

Viewed like this, it matters more that the organisation should aspire to be well led as a whole than that it should be content to develop skilled individual leaders (Tate, 2010: 48-53). Corporate leadership competence trumps individual leadership competence. The latter counts for little if the parts aren't bound well together and don't share a valuable and ethical base. It follows that discussion and action in the organisation's gaps (where leadership may get misled) and spaces (where opportunities for leadership exist and may go begging) can matter as much if not more than in the nodes or individual actors.

4. COMMON FALLACIES ABOUT PERFORMANCE

Estimates suggest that about 75% of interventions that are intended to improve performance fail to deliver the desired outcomes. One reason may be decisions based on false assumptions. The fallacies or partial truths listed below show why a whole system approach is needed.

FALLACY 1. That leadership performance actually delivered is a product of individual managers' possession of and willingness to use their skills.

Since performance is a product of the context and the way the system works, leadership may not be delivered. Not least the organisation has to provide opportunities and encourage the will to lead.

FALLACY 2. That large-scale training to bring about a 'critical mass' can make the organisation change.

A large and loose confederation of managers cannot simply act together to rescue the organisation from itself, overwhelming those who favour the status quo. The managers don't meet formally, don't know each other, don't share the same aims, disagree about what is needed, compete against each other, lack a unifying structure, have no collective authority, and lack a practical means of being held to account.

FALLACY 3. That leadership depends on what is going on in the leader.

Leadership is relational; it happens in spaces. Leadership is shaped by others, by who they are, the history of the relationship, assumptions about those others and about the relationship, assumed likely responses and actual responses once engaged. Just as we present ourselves differently to different people, so too a leader is a different leader with different followers, colleagues, bosses, etc.

FALLACY 4. That leadership is only a skill.

Leadership can be seen in other ways too; for example, as a system-wide process, as empathic conversational engagement, and as one of an organisation's key resources.

FALLACY 5. That leadership is a property only of the individual.

Leadership is also a property of organisations; e.g. organisations can display and have a reputation for high-quality leadership, or for providing their sector with leadership. In any case, individual leadership depends on the part played by the organisation.

FALLACY 6. That performance can be detached from ethical considerations.

Ethics are not separate. Performance always has an ethical (or unethical) base, which needs constant vigilance. The leadership culture carries the ethical base that influences individual leaders.

FALLACY 7. That leadership theory and practice is best approached through occupational psychology's interest in individual jobholders.

HR has become over-reliant on this academic discipline at the expense of others that are relevant to relationships in the organisation's culture and in the whole system.

FALLACY 8. That there is an objective and singular version of the truth or reality waiting to be discovered.

Multiple versions of perceived reality exist that are socially constructed. We need to appreciate the legitimate multiplicity of realities held by participants in a given situation. (cf)

5. THE FISHTANK AND THE FISH

The animal world is a system not unlike our own. What do we see if we liken the organisation and its people to a fishtank containing fish? The matter of how clean, clear, safe and nutritious the system is affects whether the occupants shine and deliver in front of a range of interested parties. The fish are not alone: they exist in a complex eco-system. Bigger and hungrier fish have a say too. But there are other things going on.

When we peer closely into the fishtank and become more observant and use our imaginations we see all manner of things. We notice how good swimmers some of them are, who are the show offs, the star fish and the shoals, those who are personal favourites and the less glamorous supporting cast. We observe pecking orders (to mix the metaphors), toxins and detritus. We see species whose job is to clear up the mess at the bottom, and those who service the hygiene needs of those 'higher up' and keep their image clean. We notice species who compete for attention, priority and favours. We may also sense fear, wariness and caution as the fish keep looking over their shoulder (in a manner of speaking), seeking hiding places from the sharks. We see who appears to be stressed out and where they go to recover. There are some fish we hardly ever see.

If we translate the metaphor into organisational language, how individual fish swim is akin to competency. Show offs are good at managing their image. Personal favourites remind us of the dangers of the halo effect: those who look good get more than their fair share of credit, and their weaknesses are overlooked. The food chain represents the hierarchical power structure and struggles for ascendancy. As we look up at the less attractive side of those who are climbing the career ladder we are reminded that much of the mess and toxins are emitted by the bigger 'fish'. Shoals tell us that some people find safety in numbers, needing to combine their strength with others if they are to survive and get their fair share. The range of species reminds us of silos, turf/territory disputes, no-go areas, and in- and out-groups. Some 'fish' are more prepared than others to raise their head above the parapet, while others lie low and try not to be noticed, or they affect to be busy when they have little to do. Some prefer to be big fish in a small pond, and others prefer the reverse. Some appear to glide effortlessly while paddling furiously out of sight – like the serene swan.

There is food for good behaviour. There are predators, bullies and gangs. There are big fish and small fry. There are disciples, acolytes, 'yes men', placemen, and gullible fellow travellers, while all the time there are admiring, curious, sceptical and critical onlookers and bystanders. Rules, protocol, bureaucracy and injunctions try to create order out of chaos but achieve little. A murkiness hangs over the place, making it difficult to see ahead and navigate the system. There's an official and an unofficial feel to the place, things that are rational and other things that are dark and in the shadow. Political undercurrents lie just below the calm surface. Avoiding the rip tides becomes a matter of life or career death.

We notice these things if we are primed to observe organisations and cultures this way, if we have developed the ability to see the organisation as a whole system and recognise its politics and the effect on overall performance. Yet rarely do managers focus on the quality of the fishtank and what surrounds the fish: they mostly notice individual fish and become fixated on them. But if the water is toxic, the fish suffer. If there is no movement in the water, it will be deprived of life-giving oxygen, will stagnate and develop a cloudy bloom, making it difficult for fish to see and be seen. Wise owners do not blame the fish for their poor appearance or performance. They do not take the fish out from time to time to give them a spot of training, tell them to smarten up and look more lively, and then plop them back in the same dirty water. Instead they clean the tank (Tate, 2009).

But cleaning the tank is not easy. Toxins arise from natural, accidental or deliberate causes, and from various internal and external sources. The law of entropy captures the natural process of internal decay, degeneration and growing disorder that besets any organism. Renewal activity can attempt to recreate order and clean conditions (Tate, 2009: 187-202). It may also help with unnatural causes, accidental or deliberate. However, as Neela Bettridge and Philip Whiteley point out (2013), the more pervasive toxins emanate from less tangible external influences, including economic theory and assumptions about what makes for operational efficiency. What to some managers are desirable internal improvements may, to others, produce too comfortable a working climate. To some, a fearful work environment is toxic, while to others it is necessary if people are to work hard. The most powerful toxins can infect a whole organisation culture, even a business's purpose. Some of these differing values – often more McGregor's Theory X than Theory Y concerning employees' motivators – find their echo within the internal management hierarchy.

This raises a question of what is the boundary of the system within which one is seeking improvement. To make things practical for managers, in this paper we are assuming a closely bounded or closed system perspective, rather than one that is fully open to wider environmental influences. Though even here it is impossible to exclude all manner of unknown influences, values and beliefs intruding into people's thoughts, feelings and perceptions of the fishtank and the conversations they engage in.

Inside the organisation the fishtank metaphor draws attention to the relationship between the fish and their manager, with colleagues, with the culture and with all else that surrounds them. The fishtank raises questions about the organisation's design, operation and management that go deeper than the well-understood matter of an organisation's climate, and more than merely nourishing the fish. The organisation 'fishtank' needs to be understood by managers as a system, one that almost certainly offers scope for improvement if the 'fish' are to be able to see their way around, navigate their journeys, handle the political currents, enjoy themselves, feel contented, safe and secure, and deliver what owners want.

(NB: A criticism of systems thinking is that systems are not tangible entities; they cannot act independently of human agency somewhere behind them. Yet like culture, systems are experienced as more than a collection of today's members and what they converse about. People have feelings about systems, talk about and blame them. Systems therefore need a means of expression. When we speak of a system embodying a position or taking action, we are using shorthand for an aggregation of unidentifiable individuals dynamically engaged in something, the details of which are usually unclear in terms of individuals and who is saying or doing what. Systems are mental constructs, practical ways of thinking about things in order to understand and talk about what is happening at a higher level than individuals and to engage in redesign.)

Identifying dynamics that need improving

While leadership must face outwardly on what it must do for the organisation, it must also consider how its own process is working and how it too needs to learn, improve and enhance its capability. Step 1 in systems thinking is 'First get knowledge'. So needs analysis must be applied to the organisation's use of leadership and not just to individuals and their training needs. This requires leadership to be analysed as a system – that is, how well the various elements are combining to function beneficially as a whole. Where are leadership's weakest links that are letting down the whole system, for example? Managers can be invited to discuss how well their organisation works, and how it may be improved, reflecting on such questions as:

- How safely can people disagree with their boss?
- What does no one dare talk about?
- Where are feedback channels not working?

- How can coordination be improved across boundaries and silos?
- How can the organisation get better at learning from its mistakes?
- How can leadership be more widely distributed?
- How can the hierarchical structure function more effectively?
- How rigorously is accountability practised?
- How clear is it where responsibility lies for the healthy functioning of the system?

“Bringing about change starts with a realisation by organisation members that it is possible to see ‘reality’ differently. Consequently, a change strategy that incorporates the social constructionist perspective has to incorporate a deliberate effort to share people’s individual perceptual frames by way of interaction if it is to eventually arrive at new and more widely shared insights or a shared perception that could initiate new or adapted behaviour.”

(Van Nistelrooij, 2010)

Grounding leadership in discussion of aspects of the organisation like those above helps us see where senior managers’ leadership role, responsibility and time can find its focus on making the system work better. We may reflect on where the organisation is its own worst enemy; that is, where its defences block managers’ endeavours to behave as leaders. We may see where individuals’ acts of leadership could make a stronger contribution. We may become more aware of unacknowledged battles going on between those managers who see themselves as agents of change and those who are protecting the status quo. There will be messy political tensions and tussles between forces that comprise a complex dynamic. Energies in the fishtank may be reforming, dissatisfied, radical, restless, provocative, wanting change; or they may be reactionary, defensive, comfortable, conservative, cautious, complacent, content with the status quo; or somewhere in between.

Confronted with this mélange to work on, managers have to accept that they themselves – their energies and their contributions – are part of it. As they daily try to see through the fishtank’s murky waters, others see them contributing mess of their own. In navigating its dangerous currents they stir them up for others. Managers, and the leadership they exercise, are both part of the solution and part of the problem. The issues that confront managers are not so much ‘out there’ as ‘in here’.

“Why am I surrounded by idiots? Will someone take them away and train them to be leaders.”
(FTSE 100 chief executive). [Note that he had appointed them, set their goals, reviewed their performance, and authorised their bonuses.]

What then of all those at one remove who specify, sponsor, or develop leadership – the specialists, developers, trainers, consultants, facilitators, coaches, psychologists, auditors, regulators, inspectors, HR, etc? Do they think of themselves as rational, clean, standing apart from the fishtank, observing, analysing and objectively judging and purifying the client system, if given a chance? Well, these ‘advisers’ bring their own baggage, vested interests, prejudices, politics, worldviews, limitations and an undeclared agenda that is different from the client’s. Their own shadow side is unavoidably injected into the mix. They too are caught up in a complex web of relationships, with access to and trusted membership of some in-groups, and shunned or regarded with suspicion by others. Learning is not uniquely something the client needs; advisers need to learn and reflect on what is happening to them too. The message from this complex picture is that the leadership ‘industry’ is far from being as clear, simple, cause-and-effect linear as is convenient to believe.

6. LEADERSHIP IN THE FACE OF COMPLEXITY

“The environment we experience does not exist ‘out there’. It is co-created through our acts of observation, what we choose to notice and worry about.” (Margaret Wheatley, 1999: 37, citing Karl Weick’s work)

Social constructionism is one of the most important developments in social science research in the last 50 years. When we say that something is socially constructed we are focusing on its dependence on contingent variables of our social selves rather than any inherent quality that it possesses in itself (Berger and Luckmann, 1967). This realisation has enabled students of leadership to acquire a fuller understanding of its multifaceted nature and the inherent complexity facing leaders. Leaders who lack this perspective may misguidedly search for the ‘right’ answer assuming a singular objective truth, and be intolerant of and discount the validity of other people’s alternative versions and perceptions.

More recently, the new sciences of complexity and chaos theory have exposed the difficulty that managers have in planning and forecasting, in trying to marry cause and effect, and in identifying and predicting risks and events. Leaders’ high status and rewards based on claimed authority in these areas appear hollow when confronted with evidence of near powerlessness to anticipate or to make things happen as ‘planned’.

The rise of wicked problems

Building on Horst Rittel’s work, systems thinker C. West Churchman first gave public voice to the term ‘wicked problems’ in 1967.

Wicked problems (Wikipedia, 2012)

“... difficult or impossible to solve because of incomplete, contradictory, and changing requirements that are often difficult to recognise. The term ‘wicked’ is used, not in the sense of evil but rather the resistance of intractable problems to resolution. Moreover, because of complex interdependencies, the effort to solve one aspect of a wicked problem may reveal or create other problems.”

Keith Grint, a leading authority on the subject, explains that wicked problems:

- are complex not complicated; inter-dependencies mean they cannot be solved in isolation.
- sit outside a single hierarchy
- lack a clear definition of what success looks like
- have no clear stopping point
- may be intransigent: we may need to learn to live with them
- contains symptoms of deep division
- have better or worse development rather than right or wrong solutions
- call for leadership rather than management; they require political collaboration rather than scientific processes

Wicked problems are contrasted with ‘tame problems’, which may be complicated but not complex (like heart surgery, for example). Tame problems lend themselves to known and uncontested solutions, and can be solved by tried and tested ‘management’ action. Wicked problems on the other hand require leadership; they necessarily involve many stakeholders and their viewpoints, competing interests and expertise in tackling them. Writing from ‘holistic and systemic principles’, Matthew Taylor (chief executive of the RSA) categorises many of society’s problems this way (Taylor,

2012: 10-15). He bemoans the shortage of constructive power available here, and observes how the power we have often seems more suitable to blocking change.

Taylor makes a three-way comparison between the downward power of hierarchical authority, the lateral power of solidarity and shared values, and the upward power of individual aspirations. He argues that society's 'tough and multifaceted' wicked problems call for all three power levers to be applied. The work of anthropologist Mary Douglas on Cultural Theory (Rayner, 1992: 83-115) qualifies the independent use of these three powers: "The strategic capacity of hierarchical approaches is set against a tendency to be controlling; solidaristic cultures foster selflessness but can also breed insularity and sectarianism; individualism is creative and dynamic but can also be selfish and irresponsible" (Taylor, *ibid*). When faced with what he sees as the contemporary frailty of hierarchy (in terms of performance, trust and responsiveness), Taylor calls for a form of leadership that combines clarity and ambition with openness and flexibility.

Trends in society, economies and modern structures are affected by complexity-inducing forces such as globalization, multi-culturalism, outsourcing, and cross-boundary partnerships. These may push an increasing number of today's organisational leadership challenges in the direction of wicked problems that call for a sophisticated, multi-levered leadership response where the task, according to Grint (2008) is to ask appropriate questions and engage in collaboration. 'Leadership is about relationships not structures, and reflection not reaction'.

The growth of clumsy solutions

Developers who work to improve organisations and their leadership may recognise that, as Taylor recounts, "public-sector organisations tend to have strong hierarchical and solidaristic tendencies but find it difficult to value or develop the capacity for risk-taking and innovation associated with individualism". He contrasts these leadership power issues with those faced by the intense individualism of investment banks: "Not only did these institutions eschew any sense of value-based solidarity, but the pace and scale of the transactions carried out by individual brokers also defied effective hierarchical oversight". To tackle entrenched problems, Taylor suggests that Cultural Theory (not to be confused with 'culture theory') offers a means of combining 21stC forms of hierarchy, solidarity and individualism into 'clumsy solutions'.

'Clumsy solutions' defy elegant, linear, scientific solutions and choices between well-understood alternatives. Instead they artfully and pragmatically combine a range of interpretations, opposing beliefs and value sets about how problems with a social element are best solved; that is, by a combination of hierarchical, egalitarian and competitive approaches (Grint, 2008). According to Rayner (2006), clumsy solutions call on Ross Ashby's *Law of Requisite Variety* (Tate, 2009: 129). The organisation needs variety of capability in the face of variety, complexity and unpredictability in its environment if it is not to be destabilised. Management's job is to maintain the organisation's variety.

Compare this type of clumsy process with the way government ministers (drawing on downward hierarchical authority as the source of solutions) pronounce on, say, the future of secondary school exams while reluctantly inviting consultation after the die has been cast.

The foregoing suggests that increasingly complex social problems make a strong case for distributed as opposed to tightly held hierarchical leadership. Karl Weick's work (2000) on tight versus loosely coupled systems might suggest that one of hierarchy's main contributions should be strategic and directional (tight), while being more relaxed (loose) about the detail of day-to-day managing.

7. DISTRIBUTING LEADERSHIP

“The most essential work of the leader is to create more leaders”
(Mary Parker Follett, 1924: 122).

In many organisations, leadership’s power and responsibility is narrowly concentrated hierarchically, despite evidence that corporate failures result from this. Hoverstadt (2008: 48-49) advises that: ‘... structures where a small group or even an individual can move the whole organisation at their will means that they are intrinsically unstable’. In crises and where an urgent response is required, concentrated power to ‘command’ unquestioned action may be appropriate. But most of the time in a modern, complex environment the concentration of power works less well and is less acceptable.

‘The hierarchical model is about power. About who has the power to take decisions and it carries with it the assumption that higher in the hierarchy means better equipped to decide. The fractal model is about managing complexity and difference and it carries the assumption that different managers in different parts of the organisation will be best placed to take decisions about their part of the organisation’ (ibid: 53-54).

A study of complexity reveals the hollowness of the myth of managers being able to control – predictions, plans, events, reactions, behaviour and thoughts. Yet many managers still put attempts at personal control and concentrating information and power at the heart of the way they go about their daily role and how they seek to justify high status and high pay.

How widely leadership is distributed affects how well the organisation functions as a system. Distributing leadership widely among and down management teams is a progressive concept that is intended to enable more managers to engage in transformation, as Deming puts it.

*“Put everybody in the company to work to accomplish the transformation.
The transformation is everybody’s job”* (Deming, 1986: 23-24)

Mike Rother is supportive: “The primary task of ... managers and leaders does not revolve around improvement *per se*, but around increasing the improvement capability of people” (Rother, 2010: 186) – to which we could add ‘the system’. “Great things are possible when we increase participation. I want more people, from more diverse functions and places to be there”, claims Margaret Wheatley (1999: 46). Such sentiments accord with the trend away from ‘heroic’ leaders towards a leadership system that makes it possible for people at all levels to exercise leadership (Cheung-Judge and Holbeche, 2011). Underpinning these is a central belief of OD that people support what they help create. There is also a psycho-social argument stemming from social epidemiology research that poorer health is linked to lack of control in the workplace rather than simply high pressure; in such conditions an excess of the hormone cortisol is released, which induces a feeling of stress (Marmot, 2004).

[In the context of wider society] *“There is a big question mark over how much that idea is leading into policy implementation to genuinely give people more control and power because it’s very easy to talk about empowerment but it’s much more difficult to do all the things that are needed to make sure that people are genuinely empowered ...”*
(Anna Coote, Former UK Health Commissioner, in Aaronovitch, 2012).

Richard Axelrod (2010) argues the need to get rid of four dated beliefs: (i) the few decide for the many, (ii) solutions first and people second, (iii) fear builds urgency, and (iv) inequality is the norm and life is not fair. Mee-Yan Cheung-Judge and Linda Holbeche (ibid) add that these beliefs create

disengagement and isolation, signalling that one's voice doesn't count, spurring self-interest and self-defences, and sparking a lack of trust in the institution and its leaders. By contrast, 'democratising the change process' using OD, emphasises: honouring autonomy, freedom, etc; everyone counts regardless of rank; co-constructing and personalising the change process; setting the problem and letting people work out the solution; closing down power differentials.

Setting up an organisation in which leadership is widely shared is less of a challenge than trying to change (loosen) one where the power of leadership is tightly concentrated. But the latter is the more familiar situation. It is also the natural default that arises from pressures of targets and time. Changing the distribution calls for some degree of letting go by individuals and small elites who are accustomed to firm control over who holds leadership authority, who takes decisions, and who requires prior permission. It requires ease in not knowing everything that is going on (while trusting that other competent managers know what they need to know). Letting go may however threaten some leaders' self-concept and habitual way of being. And letting go from one level to another necessitates other managers and the whole chain and leadership process becoming less concerned with exercising hierarchical control in order to be able to 'liberate' leadership.

An organisation's rhetoric will often claim to value widely distributed leadership. But it may not happen for a variety of reasons. Not all managers want to give away any part of their role, decision-making power, responsibilities or control. Not all want to receive more. It doesn't help that organisations typically want 'strong leaders', and most strong leaders want to control and want to hold power, however benignly they seek to exercise it.

Many senior managers' habits and comfort locates them solidly in day-to-day management detail. They may be resistant to trusting their managers' and distributing leadership responsibility more widely. In such cases, the systemic model offers the managers a solution and may persuade them to change when they see it gives them a more important role, one focused on how well the system as a whole performs. It shifts their concerns and practical time management slightly away from day-to-day involvement in their subordinates' decisions ('micro-managing') in the direction of improving and controlling the 'fishtank' or environment (everything that the organisation surrounds people with as they go about their jobs). The fish are then better able to manage and control themselves. The shift encourages increasingly self-managed teams at the expense of hierarchical authority. Self-sourced information, networks and lateral relationships between technically able people gradually assume more importance than vertical relationships and close chains of command.

Distributed leadership does not mean replacing individual decision making with collective or bureaucratic alternatives. But it does constitute a shift in the power relationships, away from concentrated forms of hierarchically determined power.

8. IMPROVING THE LEADERSHIP CULTURE

"No organisation, public, private, not-for-profit, can possibly hope to witness effective leadership behaviour across the board if it fails to establish in the first place, then enhance over time, a leadership culture that supports and sustains the behaviour required of an effective leader within that context." (Alan Fish, CPL Fellow and Professor Emeritis, Yunan University of Finance and Economics, Kunming, PRC).

There are three features to add to Professor Fish's criteria for effective leadership culture. 1. *liberates* – managers' potential and willingness to use and display personal leadership needs to be

given freedom. 2. *combines* – using leadership in the organisation in relationship with management colleagues. 3. *governs* – a feature of the leadership culture is revealed in how managers are surrounded by processes that ensure that their actions are appropriately focused and applied, and that leaders are properly and formally held to account for key decisions and acts both of omission as well as commission. How all this is seen and how it happens is dependent on the leadership culture.

Many large organisations have a very different leadership culture. They try to prescribe, proscribe, assess, and control leadership behaviour within a narrow framework. This may be competency, practices or behaviourally based. The organisations attempt to predict and limit the type of individual leadership deemed necessary for that organisation's future success, sometimes branded 'The XXX Way'. They then rely on bureaucratic processes to monitor managers' compliance with the specification.

[Commenting on the BBC Newsnight broadcasting failures] *"... instead of this incredible culture that's grown up in the BBC, of a bureaucracy where human resources is constantly checking whether or not its employees are behaving in a kind of BBC way ..."* (Kim Howells, former minister at the Department for Media, Culture and Sport, The Guardian, 12 November 2012)

Organisations' interest in controlling rather than liberating finds its extreme manifestation in using hierarchical power to judge, rate and label individuals. A natural distribution is sometimes enforced in the organisation, where the lowest rated must be deemed 'inadequate' and required to leave in an attempt 'pour encourager les autres'.

[In his plan to upgrade the UK's Civil Service] *"Cabinet Office Minister Francis Maude proposes to assess all civil servants into a forced distribution and fire the bottom 10%. What Maude fails to understand is that it's the system that governs performance. Rank and yank will only serve to damage the system."* (Seddon, August 2012)

Researching Microsoft's 'lost decade', Kurt Eichenwald traces the "management system known as 'stack ranking' – a program that forces every unit to declare a certain percentage of employees as top performers, good performers, average, and poor". This, he claimed, "effectively crippled Microsoft's ability to innovate. ... It leads to employees competing with each other rather than competing with other companies" (*Vanity Fair*, 3 July 2012). Such institutionalised processes are somewhat arbitrary, statistically unsound, and isolate non-conformists. They build fear, worsen team relationships, and cement hierarchical power.

Maude and others are taking aim at the wrong target: the problem issues are a function of corporate culture. Taking an example from banking: the scandals of mis-selling of private pensions and endowment policies were followed by payment protection insurance:

"There was training in 'disturbance techniques', making the customer feel anxious about their ability to repay the loan ... Every morning we would meet with the manager to discuss how many loans we would sell. If a customer refused to take PFI we had to explain the reasons given and which sales objection techniques we had used ... if an adviser hadn't hit their target for the month they would be placed on a performance development plan. This could lead to dismissal if sales remained below target" (Ex-employee of NatWest Bank: 'How the banks bullied staff into mis-selling insurance policies', The Guardian, 10 November 2012)

CPL Fellow Graham Buchanan cites Mick O'Byrne, the former Chief Constable of Bedfordshire as saying, "The minute performance walks through one door, ethics often walks out of the other." Put another way, if organisation performance becomes 'the golden calf' there is often little room left for

ethics. People want and need to be seen to be performing to the required standard; if that means bending the rules a bit, then so be it. Bending the rules becomes the organisational norm and, over time, gets worse until all that is left is an unethical organisation.

“It's a common belief that as long as our behaviour is seen as being instrumental in our pursuit of personal and material success while not hindering our personal choice preferences, we are willing to accept a modicum of lying, cheating and stealing behaviour from both ourselves and our leaders as a cost of doing business.”

(Thomas A. Wright, the Jon Wefald Leadership Chair in Business Administration at Kansas State University)

The example of the degeneration of bank culture reminds us of how values lie at its root. Among the various stakeholders' interests, whose come first? How does the organisation see its priorities? The 50th anniversary this year of Vatican 2, the second Vatican Council begun in 1962, might give us pause for thought. Its debate has concerned many big leadership questions, such as is it more important to protect the child or to protect the church; does the laity or the clergy have pre-eminence; whose job is it to support whom? These are issues of morality, vision, strategy and accountability. Arriving at a shared view that is ethical and accepted by those whom the organisation is there to serve, is both a product of leadership, and a sine qua non of its future.

9. LEADERSHIP IMPLICATIONS OF SYSTEMIC FAILURES

Talk of 'systemic failure' is increasingly common, though the term still gets confused with 'systematic' – which is, of course, nonsensical since failure is never deliberately planned and undertaken in a considered step-by-step fashion. By 'systemic' we mean that it is the system that has failed, and not just one cog in the machine, or one person or a single 'bad apple'.

People are becoming more comfortable with the language and concept in instances such as the death of Peter Connelly (also known as Baby P), the Metropolitan Police's shooting of the innocent Brazilian Jean Charles de Menezes at Stockwell underground station, television companies' fiddling of quiz shows and guests, Lance Armstrong and doping in international cycling, and Jimmy Savile's tolerated dark side over decades. Less obviously systemic are the sinking of the cruise liner Costa Concordia off the Amalfi coast, the derailing of the Virgin high-speed Pendolino train at Grayrigg in Cumbria, and newspaper hacking of celebrities' phones. But these turn out not to be simple incidents caused by a ship's playboy captain, a careless rail linesman or a rogue reporter. As public enquiries start to bite, the disasters are found to have deeper explanations that emerge from dysfunctional cultures. Rarely are causes of failure simple; it is the public, media and politicians who want them to be. The 'one bad apple' argument is convenient and feeds our appetite for scapegoats, displacement of responsibility and projection, and reassurance to investors and users, while punishment of perpetrators and promises of mass retraining provide soothing balm.

To take the case of Costa Concordia, the inquiry was told that the company encouraged its captains to sail close to the shore to give 'salutes' to past masters; this was believed to be good marketing. In the case of the Virgin train crash, the inquiry learnt that Network Rail bosses had been alerted to the risk being taken with their policy of points inspections, and the company later admitted liability. In the case of Baby P's death, individual Haringey managers were well regarded and were trying their best, yet still the system failed, and it failed to learn. In every case of systemic failure there is a case of leadership failure in relation to how the system operates.

[Commenting on the ability and morale of social workers]: *“There are certainly problems and challenges to be overcome. But in the main these are not rooted in the inherent worth, integrity, knowledge and skills of social workers. They are systemic, organisational and connected to how the high volume of work is managed and the audit culture that limits the time available to do quality work ...”* (Harry Ferguson, Professor of Social Work at the University of Nottingham, Guardian Society, 14 November 2012)

Where hierarchical power is dominant in the culture

Systems constrain individuals when attempting to take on a leadership role. In a well-reported case police officers were prevented by regulations from rescuing a drowning child in shallow water; they could only stand by while they waited for fully trained and equipped fire and rescue service officers to arrive. Several factors explain what is going on here. First, an organisation that is risk-averse. Secondly, close radio contact between the uniformed police and the control room about the situation they find themselves in. Thirdly, a bank of controllers whose advice to officers is governed by a manual of standard operating procedures. Fourthly, a perceived risk of a police officer (or spouse) losing compensation rights if injured or killed in an incident while acting in breach of standard operating procedures. And fifthly, a quasi-military structure where the first commandment is that the hierarchy must be preserved.

In strongly hierarchical organisations – as Lawrence Peter (of *The Peter Principle* fame) put it – “super-competence in an employee is more likely to result in dismissal than promotion, a feature of poor organisations, which cannot handle the disruption. A super-competent employee violates the first commandment” (Peter and Hull, 1969: 47). The deadly combination of factors in the policing system makes it difficult for an otherwise courageous officer to use personal discretion to waive the rules and use initiative. In the public mind this looks like a lack of leadership, but it is the system that is faulty.

Hierarchical control over individuals’ behaviour is appealing to organisations and is symbolic. It appears to promise, but ultimately fails to provide, corporate reassurance because – as the science of complexity explains – control is ultimately a false god. Enforced hierarchical control triggers apathy and cynicism, and undermines respect, loyalty and job satisfaction. There are times, however, when the power vested in hierarchical authority is required and has a positive effect; e.g. when decisive action is urgently required and needs commanding leadership.

Chin and Benne’s typology of change processes (Bennis, Benne and Chin, 1976) highlights three different approaches that a person, organisation or professional can take in bringing about change in people. Reinterpreted and expressed very simply these are:

- **Change through power.** (This underpins strongly hierarchical cultures and management styles)
- **Change by logic.** (This is the cognitive domain, helping people to think about, understand and be persuaded by ideas. It is rational. It has some kind of research base.)
- **Change by empathy.** (This is the affective domain: change that happens because others hold positive feelings about you and believe you understand them and their situation.)

A small shift from empathy takes us into a range of social forces. Take a major systemic failure (and therefore a failure of leadership) in the Hillsborough tragedy where 96 football supporters lost their lives in 1989. How did individual police witnesses agree to ‘falsify’ their evidence statements? Less easily understood from the outcome of the recent Hillsborough Independent Panel is how individual

members of the original Inquiry in 1989 agreed to arrive at a shared but faulty conclusion, given that members of the 2012 rerun came to a different conclusion? In Chin and Benne's model, besides the use of power and logic, what other social forces played a role in people's decisions? Did these affect their perception of the truth and their moral judgements? Dr Alan Billings touched on these matters as he tried to make sense of the jarring juxtaposition between two dramatic police service news stories on BBC Radio Four shortly after the Independent Panel had overturned the original Inquiry's findings.

BBC Radio Four, *Thought for the Day* – Canon Dr Alan Billings, 24 September 2012

Over these past few weeks our attitude towards the police has been thrown into confusion. On the one hand we were shocked and appalled to learn how the police and other agencies falsified the truth about the death of 96 football supporters at Hillsborough in 1989. On the other hand, with the shooting of two young police officers, Fiona Bone and Nicola Hughes, in Greater Manchester last week, we found ourselves reflecting on the risks police officers take every day on our behalf; and we were deeply appreciative. Disbelief and disgust, gratitude and admiration – in about equal measure. And that creates a conundrum: how can the same organisation give rise to such contrasting behaviours? Lies and cover ups that treat people with such contempt. Yet a willingness courageously to put their lives on the line for people on a daily basis. It doesn't seem to make sense.

And it's not a puzzle that is unique to the police service. Something similar is true of all social groups, including the Church. In recent years, Christians have been shocked by revelations of child abuse on the part of some clergy and attempts by the institution to hide the truth, over many years. Again, the conundrum: how could a body that behaves so badly inspire so many lives of unselfishness and generosity.

Part of the answer may lie in this. Since the time of St Paul, Christian theologians have made a distinction between the morality of individuals and that of the social groups to which they belong. ***Group behaviour is not simply the sum of the behaviour of individuals. It has its own institutional life and responds to other impulses.*** [NB: author's bold italics]

As individuals we may act with sympathy and generosity, putting the interests of others before our own. Yet in the social groups to which we belong – companies, public services, voluntary bodies, churches – we may well find ourselves under all sorts of pressures to collude in behaviour that is less generous, more selfish and sometimes very wrong indeed. These pressures are especially strong where we are proud of the groups to which we belong, know they do good, but think their interests or their reputation are threatened. ***And that is an especial danger where there is a culture of rank, authority or deference.*** We wrestle then, in St Paul's words, not with flesh and blood but with principalities and powers.

So what is to be done? We need to be clear first that ***all the groups we belong to – from family to nation – are subject to compulsions that may well lead to more unrestrained selfishness, more covering up of inconvenient truths, than we would ever display in our personal relationships.*** And then we need to be bolder in challenging those behaviours. Not colluding but transforming for the better.

Irving Janis's phenomenon of *groupthink* is undoubtedly one factor, where the desire for harmony in a decision-making group overrides a realistic appraisal of alternatives (Tate, 2009: 119, 129). But there seems to be more going on here. A further explanation may be found in the premise that 'what exists as a reality for the individual is, to a high degree, determined by what is socially accepted as a reality within the total social setting' (Lewin and Grabbe, 1948: 57-58). The authors claim that the individual's dependence on the group for what is reality is hardly surprising given that an individual's experience is relatively limited. So his wish and belief that his judgement will be 'right' is heightened if he places greater trust in the experience of the group, whether or not the group's experience tallies with his own.

"Human intelligence is social rather than individual and that human growth arises in a process of shaping organism-environmental relations towards a more adequate fit."
(Chin and Benne, 1976)

In parallel with the individual's own pressure to conform, the group is exercising social pressure on members – especially in matters political, religious or social, and including our beliefs of what is true or false, good or bad, right or wrong, real or unreal. The authors conclude: 'Under these

circumstances it is not difficult to understand why the general acceptance of a fact or a belief might be the very cause preventing this belief or fact from ever being questioned'. If this is true, it implies that social forces and considerations kick in before ethical ones.

There was no shortage of hard evidence at Hillsborough. How could it be ignored? We know that some Hillsborough witnesses whose statements were critical of the police were debarred from submitting evidence. But is evidence ever 'hard'? We learn from social-psychological research that:

- 'The sentiments of an individual toward a group are determined less by his knowledge about that group than by the sentiments (i.e. prejudices) prevalent in the social atmosphere which surrounds him' (ibid: 63). (This may explain why some police officers condemned supposedly drunken Liverpool football supporters for the disaster and assumed they had unauthorised entry to the ground.)
- Evidence is interpreted and re-interpreted, with people being swayed by who is providing it (Aaronovitch, 2012).
- We look for evidence after we have made up our mind. Evidence is then adduced to support the view that we have already arrived at.
- When things get complicated we are tempted to go with the explanation that suits us.

Evidence is often not what it's cracked up to be. So-called 'evidence-based policy' is especially suspect. Time and again we see in political arguments and in other arguments the way in which people deploy and manipulate evidence to support the conclusion they want ...' (ibid). Perhaps it should come as no surprise – though shocking nevertheless – that Hillsborough evidence was both falsified and censored, given what was at stake.

What pretends to be an argument about evidence is an argument about ideology."
(Sir Michael Marmot, ibid, 2012)

Canon Billings concludes "We need to be bolder ... not colluding". But how? Organisations and senior managers appoint people who are "biddable" (i.e. ready to accept and follow instructions), as Jeremy Paxman said when he criticised those who he felt let down BBC's director general George Entwistle over Newsnight's mistakes. In making appointments and in performance management design and discussions the temptation to seek conformity and compliance should be resisted in exchange for courage, provocation and independent thought.

The compression of individual leadership to align it with the system viewpoint cuts both ways. At times we need the system to rein in rogue behaviour. 'Only by anchoring a person's conduct in something as large, substantial, and super-individual as the whole system can individuals stabilize new beliefs sufficiently to keep them immune from the day-to-day fluctuations of moods and influences to which they are subjected' (Van Nistelrooij and Sminia, 2010).

Achieving an appropriate balance between freeing and limiting leadership is far from easy. The policy decision to replace committee-based police authorities with single commissioners was a decision about leadership, about vision, strategy, budgets, governance and public accountability. However, the election of some zero-tolerance candidates worryingly brings to mind the point above raised by Van Nistelrooij and Sminia. Enacting popular democracy through voting doesn't suit all situations.

Regulation and inspection – the need for empathy

Failure may be strategic and structural as well as operational and may arise from design flaws. The failure of UK school examination marking was systemic in that the examination boards were set up to compete for business, with inevitable consequences as they sought to make their exams attractive (easier) to customers and thereby elevate a school's ranking. The public-sector regulation process is much criticised – as with the UK Border Agency's (UKBA) unannounced inspection of London Metropolitan University's foreign student visas – when inspectors see their role as that of catching out and exposing offenders, imposing punitive sanctions, leading to media vilification and damage to the business, economy and society.

UK Border Agency 1: 'Foreign students now shunning 'unfriendly' Britain'

Negative media coverage abroad about foreign students being ejected from London Metropolitan University, and problems obtaining visas in the new climate, mean that many students who had accepted UK places did not materialise in October. ... Lots of overseas students were afraid to leave the country over Christmas and new year. Many don't have their passports because they are still with the UK Border Agency after months, so even if they wanted to risk it, they couldn't. ... Institutions say academic staff recruited from abroad and distinguished visitors are also struggling to gain admittance to Britain. *The Guardian*, 08 January 2013

If the inspection role is necessary, the mindset can be joyless and pernicious, as happens when Ofsted, the inspector of schools and local authority services, pronounces that performance is 'inadequate' as though this is a fact. It is simply one convenient, selective and arbitrary version of reality that is arrived at by aggregating inspectorate staff's perceptions of performance under its chosen headings. In such a deficit model it is this sole version that all parties are required to accept as a truth. Yet all processes of judging and rating are subjective, hubristic, and politically convenient. The processes have a corrupting effect, promote gaming behaviour, and stimulate defensive and fearful managerial energy. That regulators are designed to perform in this antagonistic relationship with 'customers' can be argued to be a government failure of imagination and empathy.

UK Border Agency 2: '150 boxes of mail left unopened in Liverpool in UK Border Agency backlog'

Huge piles of mail were left unopened at a UK Border Agency office in Liverpool because of a mountainous backlog of cases, a damning report revealed today. ... Chief Inspector of Borders and Immigration John Vine said at one point more than 100,000 pieces of post were unopened, including 150 boxes in Liverpool containing letters from MPs and applicants' solicitors. ... His UK-wide report found security checks were not properly carried out on old cases Mr Vine said: "An examination of controlled archive cases showed that the security checks – which the agency stated were being done on these cases – had not been undertaken routinely or consistently since April 2011. *Liverpool Echo*, 22 November 2012

"We are not responsible just for ourselves and not just for those reporting to us, but for the whole of the fishtank. Professor Malcolm Gillies (Vice-Chancellor, London Metropolitan University) has to share the fishtank with the UK Border Agency and its 150 sacks of unopened mail."

(Professor Charles Hampden-Turner, London Metropolitan Business School)

The regulator's task is to appraise the system, not the organisation, though may not be inclined to see it this way. The system that is responsible for issuing international students with visas reaches beyond the London Metropolitan University organisation and includes links with other parties, including UKBA as it happens (raising a potential conflict of interest for the regulator). Problems arise when measuring the performance of parts of this system at the neglect of the whole. A chosen boundary of a system that is drawn too closely may lie outside critics who are implicated in the process (as the above press cuttings show).

Even managers may think of themselves as being outside their fishtank, rather than recognising that they are in there themselves, also trying to survive, both avoiding and creating political currents, and unaware that they are contributing effluent. Yet they too are subjected to forces in what surrounds them and influences their performance. In this respect, the condemnation of managers for the Stafford Hospital scandal by the Secretary of State for Health Jeremy Hunt MP is either badly informed, naïve or disingenuous.

Whether we are talking about the Care Quality Commission, Ofsted or UKBA, regulators conveniently imagine themselves to be objective observers, positioned outside a flawed fishtank, entitled to point fingers and pass judgements. But Humberto Maturana's understanding of perception (Senge et al, 1995: 97) shows us not to be passive observers of an external world; rather we know our world through interacting with it, and our emotions can limit or enrich that interaction, crossing the divide between subject and object. This analysis clearly locates regulators inside the fishtank, contributing their fair share of toxins, and sometimes having unintended consequences (as in the London Metropolitan University instance cited above). The way the regulators' involvement is designed cannot avoid their becoming part of the effective hierarchical power structure, ratcheting up all-pervasive and institutionalised 'management by fear', in the words of the famous quality management pioneer W. Edwards Deming (Senge et al, *ibid*: 192).

"What the regulators do is important because they can distract senior management and demand so much of the senior management that it's impossible for the senior management to have the space or time to pay attention to what's going on in their organisations."
(Jocelyn Cornwell, The King's Fund)

Let's recognise too regulators' role in assessing reality. As Maturana expresses it: "we do not see the world as it is but as we are", cautioning us that "no human being has a privileged view of reality". When we forget our contingent view of reality, we lose our capacity to live together. As he says, "when one person or group asserts that only they see 'what is really going on', they are making a demand for obedience" (Senge et al, *ibid*: 203).

If we need regulators, then some of those consequences may be unavoidable. But let's at least recognise the regulators' place in the fishtank's dynamics, because recognition is a route to greater humility, self-examination, and a questioning of choices about possible alternative roles and postures that the regulator might adopt.

So what alternative modus operandi are possible for inspectors and regulators? In an assessment framework where 'continuous development and improvement' is stated to be the goal, then judgements should reflect this dynamic. Instead of pronouncing on 'positions' in relation to fixed minimum standards of what is good enough, discussion could instead focus on the organisation's progress in (i) determining and shifting direction (Rayner, 2006) and (ii) getting better at embedding continual improvement and learning, whatever the current level of performance.

Inspectors and regulators could work sympathetically and collaboratively alongside their clients, helping them understand, improve and find ways to comply with minimum standards and legal government regulations. In his *social identity theory*, social psychologist John Turner (1987) pointed out that only when we come to see another person as "us" rather than "them" are we motivated to help and collaborate. 'It is through working together in shared identity that we create our own fate' (*ibid*). More humility might be in order, given the well-publicised failings of those who have been given the power to judge others. For example, the Care Quality Commission's much criticised performance and the mugging of its own internal whistleblowers. *Quis custodiet ipsos custodes?*

10. SYSTEMIC LEADERSHIP IMPROVEMENT OPTIONS

Where traditional development notices and improves individual ‘fish’, a systemic approach notices and improves the fish tank, the connections and relationships, and all those things going on around and between the fish. This involves not only working with and within individuals but also working on a range of relationships affecting employees: with their managers, across hierarchical levels and boundaries; with the business’s purpose, goals, journey and future; and with the organisation’s rules, regulations, and policies on promotion, tenure and incentives. Such OD interventions aim to improve the organisation’s utilisation of leadership, release managers’ leadership abilities, their potential and energies, as well as prevent it from being wasted (Tate, 2012).

Leadership development is frequently detached from the main business. Leadership is considered in an intellectual, emotional, social, political and relational vacuum. Actual application of leadership receives little attention. To get round this, organisations need to consider where leadership is needed, what impact it should have, what needs it should address, and what gets in its way. Arguably this matters more and should come before what personal leadership skills managers need to develop. Yet most organisations assume that the organisation’s needs will be met as a result of meeting the individual’s needs; i.e. a trickle-up strategy. But without a link to what is going on in the system and colleagues, such a strategy doesn’t work.

Leadership coaching

“No longer do the main challenges in organisations lie in the people or in the parts, but in the interfaces and relationships between people, teams, functions and different stakeholder needs. ... So much of the literature and leadership training is based on seeing and developing leadership within individuals. The industry of leadership development, including coaching ... has failed to move fast enough to address the changing challenges and needs.” (Hawkins, 2011: 13-18)

Professor Peter Hawkins points out that ‘many people use the term *leadership development* when what they are actually talking about is *leader development*’ (ibid: 17). ‘Leadership does not reside in individuals’, he says, it is always a *relational phenomenon* which at a minimum requires a leader, followers and a shared endeavour. Leadership development works best, he claims, when it entails ‘real-time challenges, including those from employees, customers, partners, commissioners and regulators in live interaction’.

Hawkins concludes that *leadership* can best be improved by adopting a systems perspective; otherwise any coaching is a form of *leader* development. Most individual coaches, he believes, ‘over-focus on the individual client and under-serve the organisational client’ (ibid: 17). Various coaching agencies advocate, teach and certify a systemic approach, including the Academy of Executive Coaching and Systems Perspectives LLC, an arm of Sol’s (Society for Organizational Learning) Global Coaching Community. These systemic approaches help managers to:

- 1 recognise that their team is a system in itself and at the same time is part of a wider system, and that coaching addresses those relationships inside and outside the team
- 2 understand the systemic theories, models, and tools available to coaches in their questioning and reflective processes
- 3 see and understand their organisation as a system

- 4 improve the way their organisation works systemically.

“Perhaps our understanding of ourselves has become too individualistic, too mechanical. We worry about autonomy more than connection, about freedom over commitment, about individual rights more than the common good”. (Mark Vernon, 2012)

Performance management and leadership

If the above analysis and logic holds for coaching, it follows that performance management is also a candidate for systemic reform. A challenge is overdue to the assumption that the most important driver of performance in the organisation and the natural focus of discussion is the individual: their competence, training, goals, and results.

If this were not reason enough to re-examine appraisal, an integrated whole-systems approach calls for the whole performance management process to be realigned and be fully and mutually supportive of other strands in the acquisition, development, release and application of leadership (Tate, 2009: 138-142). These actions include:

1. Defining what leadership means for the organisation.
2. Specifying the organisation’s leadership requirements.
3. Identifying managers with leadership qualities.
4. Recruiting those with leadership capability from outside.
5. Selecting managers to fill leadership vacancies.
6. Rewarding managers who have leadership ability.
7. Developing leadership talent.
8. Publishing leadership-related policies and processes.
9. Positioning and utilising leadership in key jobs.
10. Appraising managers’ leadership ability and performance separate from their management.
11. Promoting managers on the basis of their leadership abilities.
12. Retaining managers with leadership talent.
13. Rotating managers proactively to broaden and reinvigorate them.
14. Planning for the succession of leaders.
15. Removing obstacles in the path of managers taking leadership action.
16. Plugging relationship gaps between key executives, hierarchical levels and departments.
17. Managing and limiting the tenure of senior leaders.
18. Moving managers who are poor leaders to less crucial positions.
19. Retiring leaders who are past their sell-by date.
20. Holding executives to account for their leadership acts of commission and omission.
21. Rejuvenating the leadership culture.

Appraisal schemes are widespread and potentially important. They are intended to encourage authentic discussion of an individual’s ability and performance with his/her manager. In practice, discussion may embrace objectives, targets, results, skills, behaviour, training and improvement. It may entail judging, labelling, scoring or rating. Reviewees may be asked to adduce evidence to demonstrate how well they match against a corporate competence or behavioural framework. At times managers themselves become reviewees and are subject to those processes, pressures and indignities.

There is an unintended consequence of compliance-inspired assessment. Managers who are being reviewed expend considerable time and energy into finding evidence to demonstrate how they meet

the leadership criteria. The process is unlikely to lead to much improvement and may have the opposite effect. As the economist J K Galbraith wittily put it: 'Faced with the choice between changing one's mind and proving that there is no need to do so, almost everyone gets busy on the proof'.

Appraisal's effect on performance is further limited because it commits social-psychology's *fundamental attribution error* (Tate, 2009: 31). In looking for explanations, reviewers attribute performance successes or shortfalls to the reviewee's disposition and don't sufficiently consider situational factors (put very crudely, too much fish: too little fishtank). To remedy perceived deficits, reviewers go on to seek remedies in the individual more than in the individual's situation. Consideration of situational factors is made even less likely because of the distorting effect of *actor-observer bias*. Reviewees take situational factors more into account than does the reviewer, and more than would the reviewer as an explanation for his/her own behaviour in similar circumstances.

The presence of hierarchy in the relationship compounds and distorts any gap in viewpoints. While the reviewer is given the power to judge others, his own behaviour is a direct factor in that of those whom he judges. Their shared performance and its improvement is found in the space between them more than in the individuals, as we saw earlier in the case of the FTSE100 CEO.

Assessment depends on who is doing the assessment

'Four professors at Carnegie Mellon University teaching in the same Economics faculty rated President Obama's performance as either B or F, good or a failure, opposite poles with no middle ground, and not even a joint agreement of the judging criteria' (Chakraborty, 2012)

There are further dangers in some assessment regimes in that they can:

- generate seductive data that blind users' critical discernment
- suggest motherhood solutions to irksome problems
- lend themselves to bureaucratic overkill and enforcement
- become the dominant methodology in use, excluding consideration of alternatives
- exert control over a population
- limit awkward variability.

From a strategic perspective, the regimented format encourages homogeneity rather than heterogeneity. *Ashby's Law of Requisite Variety* gets conveniently overlooked: the organisation's need for variety of capability in the face of variety and unpredictability in its environment is thereby undermined (Storey, 2011: 198-199). Training may result in unwanted convergence, whereas a more education-based form of learning may encourage divergence (Tate, 2009: 127-130).

Over time, entropy guarantees that appraisal schemes become tired, detailed, complex, regimented, bureaucratic and institutionalised. Designers treat relationships and performance as though the organisation is a predictable machine, a metaphor now considered out of date. 'Enhancements' are made by bolting on ever more precise stipulations. The implicit assumption is that the uncomfortable messiness and disorder inherent in organisational life can be contained, controlled or simply ignored. The urge for predictability in behaviour exerts a powerful force. But complexity research informs us that the search is a pipe-dream, and the temptation of certainty self-delusory.

The quantity of reviews finished by deadlines may receive more attention than performance outcomes. Completing the documentation begins to matter more to the organisation than the quality of performance conversations. Managers feel that they are serving the needs of the scheme rather than the other way round. They have little choice but to comply. This affects morale.

The tragedy of this approach is that power is not distributed to line managers. Instead, power passes to corporate/HR. Centralisation happens while the organisation may be proclaiming a wish to decentralise and devolve responsibility to front-line professionals. This undermines managers' sense of responsibility for the quality and relevance of discussion that takes place in performance conversations. Yet even the most senior managers may feel powerless to challenge the institution's grip on individual appraisal. Nor may they want to. They themselves have been institutionalised (Berger and Luckmann, 1966) through a process of socialisation in which they naturally subordinate their subjective reality to the apparently objective or social reality of the organisation. They have become attracted to the illusion of hierarchical mass control through uniform bureaucratic processes. Their lives then seem to become a lot simpler and less messy.

11. IMPROVING CONVERSATIONS

Despite the foregoing critique of appraisal, the organisation has a legitimate interest in individuals' performance. A way of addressing this need has less to do with structure and more with the quality of conversations, in various settings, formal and informal. For some, conversations have acquired the near-mythical status of an organisation's fundamental building block. Instead of 'An organisation is its people' we hear 'An organisation is its conversations'. The fluidity of conversations probably better constitutes the organisation's lifeblood than individual competencies. The latter may result in leader development rather than 'leadership development programmes that take these leaders away from their current context and challenges and provide them with individual and cognitive based learning' (Hawkins, 2011: 17).

Conversations express value in what happens in the spaces. Conversations help understand what is going on in the organisation. Conversations are essential to how people make meaning of situations. They may help people see a way forward. They can hold emergent and paradigm-breaking properties, where the perspective of one may transform the meaning of another when both are combined. Thus conversations are a key ingredient in the change process. But in a systems view, some things have force independently of conversations about them and these too can affect performance. For example, an excess number of levels in a reporting structure can affect what individuals decide to do or decide to leave to someone else to do. Structure and protocol are factors in who talks formally to whom. So the systems perspective can help with an understanding of what is affecting what, and what needs to be tackled – even what gets talked about. Conversations among participants alone appear not to provide a complete picture of the organisation and how it works, though some disagree (see Rodgers, 2010). And change without conversations is at best likely to be arid and lack commitment; at worst dictatorial, inappropriate and untimely.

With a systemic perspective, performance improvement conversations take on a special complexion. They recognise the power and influence of the system that surrounds people as they do their job. The system is allowed to enter the room. Its contribution finds a legitimate and significant place in discussions. Also on the conversational agenda is the way teams consider their collective performance, and how together they are held to account. A prime purpose of planned performance conversations becomes that of improving the system's performance rather than assessing and controlling managers' individual contributions and behaviour. Such conversations take account of managers' responsibilities to:

- fulfil their job as an individual manager
- deliver and balance both their management and leadership roles
- challenge the status quo, ensuring that tomorrow is better than today

- seek and achieve continual improvement in their part of the organisation
- be collegiate, making it easier for other managers to be successful in their jobs
- achieve things jointly with other managers
- make the fish tank healthier for all their fish.

Integrated into the dialogue will be a discussion of:

- the impact of the system; where it is unhelpful and how it needs to be and will be improved
- the challenge of managing today's short-term deliverables whilst also leading action aimed at longer-term reforms
- team-based elements as well as individual-based ones, where team performance is the uppermost consideration.

Leadership behaviour that provokes and challenges will be valued and rewarded, not repressed and punished. The role of HR will be to promote conversations about performance that include the system rather than focusing on compliance and measurement. The climate between the parties will be as free as possible from issues of power and coercion. The range of undiscussibles will be minimised. The HR function will no longer be the guardian of records of discussions. Local parties will have discretion over what records they keep.

The BBC's system performance over Newsnight broadcasts

In a lecture given in 1927 Mary Parker Follett asked "How can we avoid the two extremes: too great bossism in giving orders, and practically no orders given?" (Metcalf and Urwick, 1942). This dilemma confronted the BBC's short-lived Director General George Entwistle. He defended his lack of curiosity (in Newsnight's decision to back away from a Savile exposé) on the grounds of preserving journalists' independence; he claimed that management interference might be considered unethical. Yet Entwistle's light touch could be interpreted as lacking control, especially given a BBC structure that required him to hold the responsibility of 'editor-in-chief' (which he had previously identified in a speech as being unclear) alongside his role as director general – plainly a system design issue in need of attention. Entwistle felt dammed if he got involved and damned if he didn't. Shortly thereafter he was criticised for failing to get a grip over a second Newsnight decision concerning child abuse and was forced to resign. In terms of Matthew Taylor's interpretation of cultural theory (cf) it could be argued that what was lacking here was greater use of the downward hierarchical lever relative to the lateral power of solidarity and shared values, and the upward power of individual aspirations.

A former editor of BBC's *Today* programme, Kevin Marsh, touched on a second balancing challenge facing leaders such as Entwistle: "I think people will wonder why he didn't set up the sort of system that have (sic) got the lights flashing when things like 'Newsnight' and 'child abuse' came together again". The absence of such a warning system to serve the DG's critical information needs was catastrophic for Entwistle's career. The example highlights the need both to make time to manage today's critical issues under present arrangements while also devoting time to making improvements in how the system operates, thereby making tomorrow more secure. Entwistle steered clear of the former and also failed to act quickly on the latter.

Somewhat similar is the case of Metropolitan Police Commissioner Sir Ian Blair and the shooting of Menezes. Blair was allowed to press ahead publicly without learning that his 'terrorist' was by then known to be innocent, with consequent embarrassment. The channel of information up to the boss was blocked through social and political factors in the hierarchical culture. Safely getting the boss's attention to hear unwelcome news is a frequent failing in organisations. A difficult conversation is needed about how the system works in order to make future difficult conversations easier. Verbal techniques for moving things along Gerard Egan's continuum of 'unmentionable, undiscussible and undiscussed' may help here (Tate, 2009: 201).

How 'New OD' can contribute

Organisation development (OD) is itself undergoing scrutiny and change. 'Old' or 'classical OD' is being challenged by 'New OD'. What do they have in common? Both old and new forms continue to embrace the humanistic and democratic values that have held good since OD's conception half a century ago. Both practices are highly participative, aiming to circumvent the power of entrenched interests by balancing the many interests represented in the system when it comes to constructing together new relational and organisational realities. And both attempt to foster greater system awareness among participants.

What are the differences? Whereas Classical OD is essentially diagnostic, New OD is more dialogic: it emphasises discourse. That difference affects the leader's role, leadership improvement interventions and facilitators' contributions (Shaw, 2002). The classical OD approach 'presumes the existence of an objective, discernable reality that can be investigated to produce valid data and information to influence change' (Bushe and Marshak, 2010). Hence the label 'diagnostic', assumed to require investigation prior to prescribing remedies. Remedies are concerned with changing behaviour and what people do. Change is planned and episodic.

In the case of newer, dialogic forms of OD, discursive approaches working with social systems base their change processes on developing narratives or conversations that aid the establishment of more effective patterns of organising. The belief is that organisations can ultimately be transformed by changing the conversations that take place in those organisations.

Classical OD makes use of a biological metaphor, encouraging people to think of organisations as a collection of structures and processes that need to adapt to changing environments. New OD encourages a view of organisations as dialogic systems or meaning-making systems. They emphasise the power of words and language and the need for mindsets to change. Change is seen as continuous and largely self-organising. Power and politics receive more acknowledgement; there is a hope that discourse may reshape power relations, yet those power relations naturally influence the nature of the discourse (Marshak and Grant, 2008). Seeing what emerges is more important than prescribing 'what is' and what ought to happen. With dialogic interventions any behaviour change that happens results from bringing more people together in analysing the organisation. This approach recognises that shared social identity is necessary to social cooperation, cohesiveness and leadership: the route to sustainable change is through the group (Turner, 2011).

'New', dialogic OD appears more humble than 'old', diagnostic OD. It assumes that organisations are socially constructed realities and that there is no model of the right way to organise independent of the people who make up any particular organisation. CPL Fellow and complexity theorist Chris Rodgers points out that managers need to be aware of this reality because it influences what they can and cannot directly influence in the change process. People's perceptions, thoughts and how they make meaning, whether alone or with colleagues, are not within a manager's control (Rodgers, 2010: 31-37). Building on the work of Ralph Stacey (2000), Rodgers concludes, the manager's role in change is dialogic – influencing the nature of conversations and "actively participating in the conversations around important emerging issues" (Rodgers, 2011: 6). This view assumes that workplace reality combines *social phenomena* (people in relationship with one another) and *constructed phenomena* (people trying to make sense of what is going on) (Gergen and Gergen, 2003).

Managers who are charged with bringing about change need to understand the consultant's contrasting roles under old and new OD. Bushe and Marshak describe it (2009): 'Instead of facilitating project groups doing data collection and diagnosis, dialogic interventions are more

choreographed events that create a ‘container’ or enabling conditions within which stakeholders can share their views of social reality and seek common agreements in real time’.

Melding diagnosis and dialogue

We need to consider how these forms of OD are best deployed in systemic leadership interventions. While some proponents of change in the OD world think of diagnostic and dialogic forms as mutually exclusive alternatives and choices, others see scope for blending the two.

Cliff Oswick argues (2009) that the complexity and multiplicity of parts within the system still need to be understood (diagnostic), but the best way to do this may be through conversations (dialogic) involving a large number of managers and stakeholder interests. Such a consciously plurivocal process draws on their insights and experiences and it surfaces their preferences and worldviews. He advocates this approach in preference to employing an external consultant with diagnostic expertise who then proposes solutions ‘to improve the situation’.

Oswick favours a sequencing of the two OD approaches. First, a divergent dialogic phase that emphasises changing mindsets and how people think; this produces multiple generative ideas. This stage is then followed by a convergent stage of ‘more informed, diagnostically oriented practice in which multiple realities are acknowledged but, for pragmatic purposes, are tested and narrowed and objective problem solving methods are applied. A switch takes place from an emphasis on changing mindsets and what people think back to an emphasis on changing behaviour and what people do’. This view lies behind our systemic leadership model used in large and complex organisations.

12. HOLDING LEADERSHIP TO ACCOUNT

Governance and accountability frameworks have been slow to provide a corrective to the myth of “the Lone Ranger, the romantic idea that great things are usually accomplished by a larger-than-life individual working alone” (Bennis, 2009: 139). Expectations of organisation performance held by shareholders, media and the public sustain this myth and accord high status and remuneration to CEOs. When the leader flies too close to the sun and falls to earth, or whose star appears not to have shone brightly enough, accountability may become a public act. The demise of Fred Goodwin and George Entwistle may come to mind.

CPL Fellow Brian Dive explains some important *structural* issues (Dive, 2008) such as the amount of headroom needed above and below a given job in order that accountability can be clear and fair. In this paper we consider some *processes*, especially in the context of change. What is actually happening when managers are being held to account? Who is saying what to whom instead of ‘How’s it going?’. An example might be when an executive management team is charged with dismantling silos between their departments. What should senior executives in charge say? What questions should they ask? What demands should they make? (See Tate, 2009: 113-114, 249-265 for suggestions.)

The law of entropy ensures that improvement interventions suffer dilution. There is a natural tendency in change programmes for *business as usual* to reassert its claim on normality (Tate, 2009: 193-200). In dialogic terms, Marshak and Grant (2008) offer an explanation: ‘... an ongoing struggle between competing discourses ... shifting meanings and associated mindsets help explain why some change processes that seem to be proceeding relatively successfully are later derailed or suffer from

fade out'. Those with power bases will seek to protect them from erosion, a dynamic that affects senior managers as much as, say, unionised groups. In considering distributing leadership, the ground covered will include evolving thoughts and feelings, and consequential rationalisations.

Changing the way leadership works, and especially distributing leadership more widely, necessarily means that certain senior managers will have to let go of some hierarchical power. As their thoughts and feelings shift, they may rationalise their wish to hold onto their power bases by espousing beliefs and predictions, for example claiming that:

- it is inappropriate for our kind of business
- it is too risky
- it runs counter to the established culture
- it conflicts with inspectors' requirements (who may be working to a traditional model)
- it encourages managers to believe their job is more about leadership than management
- it encourages dangerous and unpredictable innovation
- managers won't understand it
- managers don't want more responsibility for leadership
- people need the comforting protection of hierarchy
- there is little scope for further improvement; we are already working this way and (privately)
- it would point the finger in my direction instead of at 'them' (and 'they' need training).

Any brake on proposed change will suit some people and disappoint others. It may not be what the organisation needs, though may be what it hopes for. Either way, the potential for change and improvement is seldom fully realised. But the organisation can increase the likelihood of a successful outcome by arranging and conducting a practical accountability process.

Responsibility comes with accountability. If the organisation wishes to distribute responsibility for leadership, it needs to make clear how managers will fulfil and demonstrate their accountability for delivering such leadership. This may be relevant at three levels. A senior management executive team should have to account for their shared success with any strategic intervention project that introduces a new way of working for all managers. As part of good governance, arrangements should also address the client manager's accountability to a sponsoring official, board or panel for achieving value-for-money change outcomes. Thereafter all managers who fall under new arrangements should have to account on an ongoing basis for their leadership, among other things for delivering improvement in their area of the business. Sadly, it is common for such matters to be left vague, even where people's full commitment is not in doubt.

The purpose of such an accountability process is to ensure that things go right as far as possible. It creates the necessary expectations in managers' minds and the right conditions for success. It follows through with sharply focused reporting and questioning. This view of accountability is clearly different from the popular viewpoint that limits the principle mainly to identifying those who are deemed to have failed and ensuring that they pay a price after the event.

Distributing responsibility for leadership and increasing managers' accountability for it does not mean senior managers relinquish some of their own. The principle simply ensures that all key levels in the management chain are formally required to account for the conduct of their leadership role. Operationalising the accountability process requires advance thought and planning so that the organisation can make clear to managers how, when, for what, and before whom they will formally account for the most important things they are doing and are not doing. Sometimes the process will be one-to-one and sometimes it will take place with or in front of management teams. Whatever the

context, the process should be quite onerous and may feel uncomfortable and formal to those who like a lot of ease and assumed trust.

Take as an example the key issue of responsibility for the health and wellbeing of the organisation in terms of how well it works as a system (the fishtank), and how it will be improved. As recent events have shown, Chris Patten, chairman of the BBC Trust, might well ask where was responsibility in the BBC located for advising the Board on this important matter. And what was the process by which the Trust could be satisfied that such a person was being appropriately held to account for carrying through that responsibility? Did any such individual appear before the board? Were board members equipped to question that individual? In the light of events, such a process would be an important strategic component in the Trust's system of governance. The chances are that neither responsibility nor accountability for monitoring or advising on the fishtank was completely clear.

Large-scale change programmes may reveal a practical dilemma. At the outset senior levels of management may believe that they know what has to change, and they agree on the proposed outcomes. If this is realistic, then the accountability mechanism provides the discipline to achieve those outcomes. However, the starting point may be very different. There may be little way of knowing at the outset what changes are desirable. Managers may need to embark on a journey of exploration and discovery before their ultimate destination becomes clear. For some, this may be a threat to their current position or they may be uncertain how much change they really want. In such cases they may want to keep their options open. Pre-distributing accountability for implementing change would have been premature.

One option is to consider accountability in two distinct phases: first for analysis, and secondly for implementing whatever is decided. But if an aim is to embody continual challenge and improvement, then analysis and implementation should be ongoing and seamless. A further complication, put forward by Karl Weick (1979: 223, 229, considered by Wheatley, 1999: 37-38) is that action should precede planning since "we create the environment through our own intentions. Interaction is needed to help us formulate our thoughts and plans". The principle, however, is to be clear, fair and ensure that the organisation's needs are met.

Resistance to a systemic perspective

We have mentioned some of the rationalisations that get in the way of distributing leadership. Additionally, the systemic model can appear strange, shocking and even threatening because it undermines fundamental beliefs about management and leadership. It challenges the efficacy of current ways of working. People may consider that it:

- provides poor leaders with a 'cop out', since they can then blame the system
- challenges a cherished belief that leadership is about individual leaders (they cannot admit that for a long time they may have been looking for improvement in the wrong place)
- runs counter to a leadership competency/behavioural framework in which they have made a big investment
- sidelines a commitment to psychometrics accreditation to measure managers' personality
- is too difficult to understand, especially if they lack awareness of organisation dynamics, the concept of systems, or OD methods. They prefer leaders and leadership to be simple, black and white, good and bad, and easily judged and pronounced upon
- takes too long to make a difference and is too expensive, especially compared with the ease and political convenience of mandating training (for others)

- smacks of 'leftish' workplace democracy
- contains too many checks and balances and constraints on strong leadership.

Developers too may resist the systemic model because if they are trainers, assessors or coaches, their business model may be grounded in developing individuals as the route to organisation effectiveness, and their livelihood could thus be undermined. Additionally, clients may grant them access to individuals, but not to other organisational variables: systems, culture, challenges, etc.

"Democracy is not a design problem; it is a challenge to the imagination."
(Shiv Visvanathan in Rayner, 2006)

SUMMARY – THE BARE NECESSITIES

- An organisation's services are delivered to customers and markets by systems, not by individuals. It is ultimately an integrated system that gets things done. Organisations succeed or fail as systems. The job of organisational leadership is to optimise that system.
- Leadership is a resource that needs to be managed if it is to release its full potential.
- An organisation should aspire to a reputation of being both well led as a whole and having good leaders. Good leaders are more likely to come to the fore and perform well if the things that go on around them and between them receive attention.
- Both individual leadership and systemic leadership are important and are intertwined. They are not binary polarities. Leadership is at the service of the organisation's needs. Acts of leadership are a necessary means towards improving the way the organisation works systemically. A resulting well-led system in turn makes it easier and safer for individuals to exercise leadership.
- A carefully developed system liberates leadership, focuses its energy on what the organisation needs, ensures it is applied, provides an underpinning ethic, and holds it to account for what it does and doesn't do. A neglected system inhibits leaders' acts of leadership, leaves them free to decide what to give their attention to, and risks having rogue leaders and chance decisions.
- Acts of leadership are elective and entail political risk. If leadership ability is to be applied, managers require the will and courage to lead. For this they need to perceive that they have the organisation's consent, support, appropriate opportunities and challenges. These come from the manager's environment.
- Leadership is a relational activity. A range of academic disciplines besides occupational psychology is needed to understand and improve what happens in the organisation's gaps and spaces and to make sense of its complex dynamics.
- Leaders are better able to perform effectively if they have a well-honed understanding of how their organisation works as a system. They may then see where their personal leadership can be applied to improve the system.
- Enquiries into catastrophic failures can only be fully analysed, understood and explained by those involved having a multi-discipline understanding of the complex dynamics in the system.

- To balance their leadership roles alongside that of managing, managers benefit from having a conscious appreciation of the distinction and awareness of which roles are needed and why. Simple mental models help them reflect on where they are giving their attention when leading and when managing.
- A prime purpose of leadership is to question the organisation's prevailing paradigm and make it more fit for tomorrow's challenges. A further duty is to maintain sufficient resource variety to match that which the organisation faces in its environment (i.e. supporting divergent rather than convergent learning).
- Training needs analysis for individual managers should be balanced by an analysis of the organisation's development needs. The development of managers' leadership is best set in the context of change that the organisation needs.
- The leadership culture ('how the leadership process works around here') needs particular awareness, examination and focus, as this sends powerful messages about leadership values and ethics, and how managers are expected to perform (which may or may not be in need of improvement or reform).
- An organisation should consider how fully the power of leadership to achieve improvement and change is distributed down and through the management structure. This allows more managers to engage in discussing, diagnosing and making changes based on their local knowledge. An organisation where responsibility is widely distributed is less vulnerable to decisions taken by those with more authority but less knowledge.
- However fully leadership responsibility is distributed it must be accompanied by a sound governance structure that ensures that managers are required formally to account for their most important acts of commission and omission.

Not only, but also

- People's everyday language at work ("the system won't let me ...") should be accepted and discussed as their reality, even if purists and philosophers object to reification of the abstract system as though it were a concrete mechanism and the according of it with human-like agency. It is easier to talk and to think practically about managers' dependence on the organisation and, in turn, the organisation's dependence on managers if one bestows on the organisation the characteristics of an independent actor and imbues it with a persona, while still accepting that this is a mental construct.
- The fishtank metaphor serves as a handy reminder that there is more to see in the organisation than the fish, and more to explain the incumbents' behaviour than their personal capability. Look out for all those things that the organisation is surrounding people with.
- There is growing awareness of the complexity inherent in many challenges ('wicked problems') that face large organisations that consist of political multi-interdependencies. These defy management solutions and instead depend on the application of leadership.
- Organisation development (OD) methods of improving leadership, and also using leadership to improve the organisation, can usefully meld diagnostic and dialogic approaches.

(For a fuller summary of the approach, please see 'Systemic Leadership – An Overview' in *The Search for Leadership – An Organisational Perspective* (pp. 275-280).)

Additional resources and tools are available at www.systemicleadershipinstitute.org.

CONCLUSION

The systemic leadership model constitutes a new paradigm for the improvement of leadership in organisations. The approach seeks to:

improve the way the organisation is led, based on an understanding of the organisation as a system, focused on the interdependency between leadership and the organisation, concerning how leadership is applied, managed and developed.

It assumes and believes that for appropriate leadership to flourish and bring benefits, the organisation's persona and needs have to be brought firmly into the frame.

CPL's mission is **to provide thought leadership about leadership**. This white paper champions leadership's role as a source of provocation and challenge within organisations. With this in mind, the white paper aims to provoke and challenge the prevailing paradigm of leadership in organisations and how improvement is attempted. It hopes readers will achieve a fuller understanding of the systemic viewpoint of leadership and feel better able to promote action that improves their organisation.

"We have a systemic responsibility to make this thing work." (Michael Ignatieff, 2012)

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