Leadership, Change and Wisdom

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Abstract. In this article, the concept of leadership from the perspective of “manager – leader” dyad is analyzed by classifying different scholarly views. After discussing each perspective, paper focuses on management and leadership as different concepts and stress the necessity of both with a special emphasize on leadership. Presenting change as the differentiating factor between the two, and considering the ever changing atmosphere of the business landscape, necessity of becoming leaders by embracing change and imperative use of thinking skills instead of cushy employment of memory, is explained by paralleling an argument on the evolution of the human brain as a metaphor. And finally a short introduction to the concept of Managerial and Leadership Wisdom is presented.

Keywords: Leadership; Management; Change; Thinking skills; Wisdom; Decision Making; Judgment.
On Leadership
With over 2,000 books and 1,000 articles written per year on the topic, each with a different perspective, one can easily claim that Leadership is a thoroughly understood and analyzed subject. However, in fact, it still remains a highly ambiguous and elusive subject. Moreover, a conceptual basis for the professional language and terminology is missing. Stogdill (1974) states that there are almost as many different definitions of leadership as there are persons who have attempted to define the concept. Some view it as economic success, others power, or the manipulation of people and yet others search for a guru-like stance, equipped with the secrets of Zen or other Himalayan teachings. Traits, behaviors, roles, characters, styles, knowledge, charisma, environment, situation and followers have been the focus of extensive research. All these works are reliable and valuable. But they failed to integrate the concept of leadership into a common understanding. In fact, the only common factor seem to be the “dyadic supervisor/subordinate relationship” (Yammarino, 1995) or as Barker (2001) puts it; “man at the top” and “how this dyadic form is manifested”.

In the analysis of all these theories, one way of regarding them can be from the point of the leader – manager dilemma. It serves as a useful tool, a “lens” through which an understanding of a new perspective can be constructed, and which in turn might prove very useful on how leadership happens.

A table to classify the perceived conceptual relationships between management and leadership in four groups is as follows (Table : 1);

1. Management and Leadership are virtually the same and can be used interchangeably.
2. Leadership is a subset of Management
3. Management is a subset of Leadership
4. Management and Leadership are two different domains but an intersection is possible.
The first view defines leadership as holding a managerial position or use the terms manager and leader interchangeably (Drucker 1988, Tosi 1985, Bedeian & Hunt, 2006; Hosking, 1988; Uhl-Bien 2006). Generally, the manager and the leader are assumed to be the person on top, with legitimate or illegitimate power, authorized and responsible to command (Barker 2001). This view is generally accepted in the military, and as such, covers all the tasks and duties of management, in the leadership context.

The second view, which is officially used in the textbooks (eg: Robbins & Coulter, 2007), accepts leadership as a subset of management and assumes that leaders are managers themselves when, and only when, they are capable of using motivational and manipulative techniques. To put it another way, the manager has a further qualification in addition to the expected conceptual and analytic

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skills which is the influencing skill (known as the leadership skill). Moreover, the leadership process has been accepted as a linear set of goal-oriented actions by the leader (Barker 2001). This construct explains leadership as the “management of the human factor”. (Fayol 1916; Uhl-Bien 2006).

The third view, based on the notion of visionary leadership, takes leadership as seeing the big picture, having the long view, and the capability of having strategic insight. It is personalized, proactive, single-minded process based on strategic vision (Mintzberg, 1998; Bennis, 1986). Here, “Management” is the execution part only. According to this view, the top person of the organization, CEO, or sometimes the board, sees the bigger picture, sets long term aims, and points the way. That way leader may or may not be responsible for execution or implementation. Implementation is within the scope of the job of managers and therefore, this view assumes the leaders as pointers of the way, and managers as mere executors.

And finally, the fourth perspective takes leadership and management as two intrinsically different functions, but emphasizes their intersection as not merely possible, but a crucial practice for success in an increasingly complex and insecure environment. Among the proponents of this view there are relatively minor different conceptions. Some accept leadership and management as separate but complementary (Kotter 1990, Bass 1985) and others as fundamentally different processes (Zaleznik, 1977). This perspective accepts leadership as a social process which is constructed around change, thus accepts a dynamic movement between three states, namely, “management”, “leadership” and “management-leadership”. Quinn and his associates, pointing the intersecting state, refer to “managerial leaders” who must deal with all the roles, some might be considered managerial and some leadership (Bedeian & Hunt, 2006; Quinn 1988; Quinn et al 2003). They describe managerial leaders who can balance all the roles of management and leadership as “master managers”.
Change
Whether accepted as complementary or contradictory, the basic difference between management and leadership surfaces in the concept of change. Leadership is constructed around change while management is constructed around stability. It is obvious that no clear formula can ensure an organization's success. If it were possible, leadership would be obsolete, and there would be no need for managers to move to management-leadership position or state. Who else but a good manager is capable of ticking the right boxes and fulfilling all criteria to ensure that the ‘formula’ has been followed with the utmost precision? Unfortunately (or, perhaps, paradoxically, most fortunately) it does not work in this way. As previously mentioned, managers are constantly under pressure by the forces of change. Management, in contrast, usually dealing with the current situation, has a tendency to acquire a mantle of myopia, and usually fails to foresee the changes in the environment until too late, when the organization becomes “unfit”, and the situation develops into a full-blown crisis. In such a situation, either an emergent leader takes over who steer the organization to either safety or doom, or the institutionalized power of the management prevent any internal or external intervention and carries the destruction to the end. The transfer of power is nevertheless almost always painful. Those in power will not relinquish their positions so easily; they will pursue policies that guarantee their continued domination. Salancik and Pfeffer (1977) call it the “institutionalizing power”. Thus, institutionalized power and fixed structures created by ‘current holders of power’ will become unquestioned features of the organization which deny change. Denial of change creates a gap between the organization and the environment which in turn emerges as a crisis.

Can management foresee the necessity to change before reaching a crisis, embrace change and become manager-leaders or in the words of Quinn et al (2003); ‘managerial leaders’? This is a prospective possibility. Management is, in fact, both able and compelled to anticipate change and adapt the organization to it, but the change initiated by management is incremental. On the other hand the change activated by leadership is rather a deep paradigm change.
Management, therefore, is to sustain stability and implement adoptable strategic change most of the time, but leadership is to recognize the need for transformation and be able to manage that disruptive process without destroying the organization (Mintzberg 1998). Thus, when dealing with “smoldering crises” (James 2004) which start in a small way, but have the potential of escalating into full crises over time, it is leadership that actively catalyzes and activates the creation of change. Jack Welch, when taking over the management of GE, was the CEO of a massive corporation that was safe, profitable and effective. However, he sensed the changes in the environment, and the imminent disaster faced by the corporation. He initiated a massive change process, accepting considerable risk and confronting determined resistance. At present he is considered more as a leader than a manager (Stout, 2006).

There is one important dimension to notice; the dynamic nature of leadership as acknowledged by this perspective. As mentioned before, leadership occurs in ill-defined and ambiguous situations (Mumford and Connelly, 1991). Especially under the pressures of change, instead of painstaking task of processing new information most human beings inclined to freeze on past knowledge, which usually proves to be fatal considering the novel and unprecedented nature of origins of change. This tendency might be natural as it is easier for the brain. Memory often serves as a substitute for thinking (Pfeffer & Sutton, 2000) but it is not a remedy for the ill-situations which necessitates change.

The “memory vs. thinking” dilemma has been analyzed by behavioral biologist Simon M. Reader (2004) from University of Utrecht in Netherlands. He wanders about the evolutionary story of human brain. His arguments, discussing the creative capacity of brain which basically functions to cope with change, resembled, as a metaphor, the discussion between management and leadership. Reader (2004) focuses on advance learning skills and intelligent behavior and argues that; the pre-accepted notion of usefulness of superior learning abilities might prove to be wrong. He states that animals that instinctively know which predators to avoid, which foods to eat, or what their mother looks like, are less
vulnerable than those that have to learn such skills. He calls attention to the time and effort to be spent on learning and risks of making mistakes. He furthers his argument pointing to other costs of being intelligence too. In his own words;

“Brain tissue is among the most energy-hungry of all body tissues. Around 20 per cent of your resting metabolism goes to supplying the energy demands of your brain, compared with 3 per cent in a typical smaller-brained mammal. Then there’s the cost of protecting this sensitive structure from mechanical and physiological shocks, which means a thick skull, specialized temperature regulation, and adaptations for precisely controlling the brain’s chemical environment. Larger brains also take longer to develop, so parents must invest additional time and energy in gestating and raising each offspring. All this means larger-brained animals could be at a substantial reproductive disadvantage compared with their smaller-brained counterparts” (Reader, 2004)

Then, why natural selection permitted the evolution of intelligence? Where exactly the total benefits of increased intelligence outweigh the costs? Reader answers these questions as;

“Ever since Darwin, biologists have been interested in what kinds of species demonstrate intelligent behavior, and why. The consensus is that environmental variability is the key. Mathematical models reveal that when the environment is changing slowly, an organism’s best option is genetically encoded stock responses. However, as the environment changes more rapidly, learning becomes a better strategy for survival. At intermediate rates of change, the ideal tactic is learning from others – social learning. At more rapid rates, individual learning works best.” (Reader, 2004)

Using the same argument we can easily infer that the key factor which differentiates leadership from management is “environmental variability” or “change”. Indeed, within relatively stable environmental conditions, powerful
management practices implementing tried-and-succeeded methods seems the best strategy. On the contrary in rapidly changing environmental conditions, leadership becomes the sine qua non of survival.

Thinking
Excluding memory during the thinking processes may not be easy, if not impossible. Cognitive psychology exposed the extensive usage of our memories as an integral part of the thinking process. However, what is mentioned here is not isolated rational thinking per se, but rather avoiding repetitive employment of routines without considering novel conditions and/or contextual circumstances. Unless you drop your hammer, then the world will keep being a world of mere nails. The danger of staying in the same paradigm, same value systems and frameworks, contrary to novel conditions, problems and crises, will inevitably create dilemmas, problems and crises. And successfully dealing with these crises requires a paradigm shift, a shift which requires leaving already accepted conceptualizing of reality, and being ready to accept completely new and different value frameworks (Ackoff and Strümpfer, 2003). This is not square and sharp rationalization but rather a kind of ability to resist appeals to one’s existing thinking patterns and dearest prejudices (Paul & Elder, 2012).


Wisdom

Studies around the notion of wisdom are not much. Until recently, the academic circles have passively evaded it for good reason; literature entitled wisdom generally covers foggy and mystical philosophical and religious teachings. But there are signs that serious scholarly interest is consistently increasing towards wisdom. Kessler and Bailey (2007) cites Trowbridge (2005), for finding 5 studies at 1980s and increased but still miniscule 16 studies at early 2000s. Similarly Meek & Jeste (2009) find approximately 140 publications about wisdom during 2000 to 2008, a sudden 3 fold surge from 1990s. To define wisdom is not an easy task, for wisdom is elusive, complex and multi faceted (Kessler and Bailey 2007). A comprehensive literature review or a thorough research about wisdom will be beyond the scope of this paper, but a short introduction might shed some light to the concept and point for further studies.

There are three prominent researchers pioneered on wisdom studies among others, namely; Baltes (Baltes, 1993; Baltes & Smith, 1990; Baltes, Staudinger, Maercker, & Smith, 1995), Sternberg (Sternberg, 1985; Sternberg, 1990; Sternberg, 1990; Sternberg & Jordan, 2005) and Ardelt (2000, 2003, 2004, 2008, 2010). Their works increased the understanding of wisdom considerably but still the concept of wisdoms remains vague and inscrutable. Researchers enlightened the concept as (1) an expert knowledge system in the fundamental pragmatics of life permitting excellent judgment and advice involving important and uncertain matters of life (Baltes, 1993), (2) an attitude towards beliefs, values, knowledge, information abilities and skills which is an integrative aspect of life (Sternberg, 1990), (3) deeper and more fundamental understanding of the world and one’s place in it by integrating cognitive, reflective and affective dimensions (Ardelt, 2003). Researchers generally agree that some basic characteristics of wisdom are; having cognitive capacity, having synthesis capacity, craving for knowledge and learning, having a long term point of view, understanding the limitations of knowing and accepting uncertainty which requires humility and is inherently incomplete, knowing the social character of life and interconnectedness of man.
But, does the concept of wisdom have a place in management and leadership literature?

Jenifer Rowley (2006) says “yes” by asserting “wisdom as a central element of leadership”. Indeed reminding the inescapable necessity of change, wisdom might be a key component of strategic leadership (Boal & Hooijberg, 2001). Employing creative judgment and fostering innovation, and, being action oriented (Rowley, 2006) are direct attributes of wisdom. Within the realm of organizational, managerial and leadership research, we can find Milan Zelany (1987) and Russel Ackoff (1989) at their presentation of the concept of wisdom within the DIKW (Data, Information, Knowledge, Wisdom) hierarchy, among the early studies, which puts wisdom as the higher form of knowing. Other studies presented wisdom as the perspective taking capacity which can enhance strategic thinking capabilities of leaders (Jacques and Clement, 1991), can inform the visioning required of leaders (Korac-Kakabadse et al., 2001), and allow the leader to cut through the clutter and to discard the delusions, embracing instead a more realistic understanding of business success and failure (Rosenzweig, 2006). These characteristics in turn consists the very essence of leadership from the perspective presented in the first section.

**Conclusion**

On the field of business, fast pace of change, becoming faster and faster, seems here to stay and dominate the understanding of conducting business. Disequilibrium has become the “modus operandi” in the business landscape as a response to a rapidly changing and increasingly complex environment, and the uncertainty it breeds. There usually are several, often contradictory signals and stimuli with very fine nuances (Malan & Krieger, 1998) which necessitates interpretation and action. Although options of action are astonishingly diverse, the central theme is change – dramatic change (Barkema et al, 2002). One cannot manage within a society in which ambiguity and diversity prevail without resorting to change (Ackoff and Strümpfer, 2003). And change means leadership, with extensive utilization of thinking powers instead of relying on memory. And wisdom can be an important concept to help these utilization processes.
References


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