

# DISCOVERING THE 21<sup>ST</sup> CENTURY LEADERSHIP

By Michael Lorz

*Leadership has been a buzz word since the dawn of management research. Times are changing quickly and therefore the perspectives on leadership should change accordingly. This article explores 21<sup>st</sup> Century Leadership in a future business environment. By reading this article the person will grasp an understanding of leadership; see leadership as a process described in 6 concise steps; develop a new perspective on leadership and will gain a quick overview of a selection of the most pressuring trends impacting on businesses in the near future.*

## **UNDERSTANDING LEADERSHIP**

*This article is a short excerpt of a master dissertation written at the UCD Michael Smurfit Graduate School of Business in Dublin, Ireland that has received a First Class Honours award.*

Several studies have shown that effective leadership is directly related to higher economic output (Orme 2004). What is leadership? According to Stogdill (1974) “there are almost as many different definitions of leadership as there are people who have tried to define it”. Northouse (2001) identifies four components which are in common in almost all definitions. These are “(a) leadership is a process; (b) leadership involves influence; (c) leadership occurs within a group context; (d) leadership involves goal attainment.

## **21<sup>ST</sup> CENTURY LEADERSHIP DEFINITION**

As a result of the research for this dissertation 21<sup>st</sup> Century Leadership definition can be formulated. *Leadership is the interaction process between the leader, the environment and the followers. It is a process that involves the formulation of visions due to acquired situational knowledge and unifies followers to conjointly achieve these visions.*

## **CHANGING TIMES**

**W**hile the 1980's were characterized by a rather static environment this has changed during the last 25 years to a very dynamic environment impacting on the way business is conducted. The technological advancement of telecommunication and the advent of internet have accelerated the rate of globalisation, deregulation and have brought a network- and knowledge based society that is interconnected through online appliances. The consequence of changing business environments on leadership is that there is a need of defining the new requirements for future 21<sup>st</sup> century leaders.

Three major categories of influence on leadership have been identified during the research. These are global trends, organizational trends and follower trends. Trends in these categories have been researched in order to gain a picture what characteristics a future leader should possess for 21<sup>st</sup> Century Leadership:

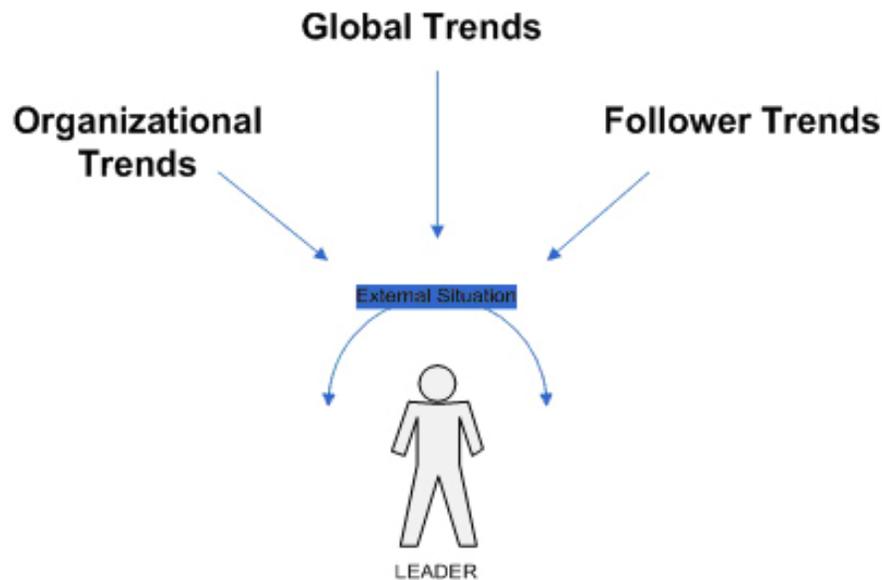


FIGURE 1: THREE INFLUENCE CATEGORIES ON LEADERSHIP

## **GLOBAL TRENDS**

Global trends for the purpose of this research are business developments on the most abstract level. They constitute all trends that emerge external to the organization but still have the claim to have an impact on organizational developments as well as followers and leaders likewise. The implications of global trends are an ever increasing **dynamism** that is applicable to virtually all business processes. Technological advancements facilitate furthermore the **connectivity** between stakeholders on a global perspective. 24/7 accessible knowledge and an ever increasing level of knowledge intensifies the **competition** for innovative and cost efficient processes while products and services are easily comparable on a global scale. Emerging cost efficient **Asian companies** compete with European companies on a global scale and increase price pressure on them. As a consequence the level of automation is increasing in companies located in European regions and thus the amount of required employees is decreasing while the **knowledge** share per employee is increasing.

## **ORGANIZATIONAL TRENDS**

Organizational trends are developments that impact on the design of organizations and the way organizations are reacting to their environment. Leaders will not only be measured on material success in terms of business profits but as well on the interactions with all stakeholders internally and externally of the organization. Organizations need to be made “fit” for the dynamic environment; the uppermost aim is therefore **flexibility** in order to react quickly to changing global trends. The response is **flattening hierarchies** and **network structures** with units that may be deployed for flexible work assignments. Cost pressures force companies into **specialization**; hence companies – or in future network units – engage in the work they perform best with the lowest cost structure and the highest possible quality. While this specialization is taking place these units become more open to **public scrutiny**. The need to consider **all stakeholders** will become more central when making important decisions. Decisions will relate to a basic principle of “giving and taking” benefiting local communities and engaging in ecologically sound business.

## ***FOLLOWER TRENDS***

The followers of the leader change as the situation surrounding them is changing. Followers become increasingly diverse; this **diversity** is not only **culturally** founded but as well related to **gender** and **age**. Observing the global trends and organizational trends followers become more **knowledgeable** and key information holder due to **complex knowledge** and company specific knowledge. While followers become more valuable to the company they are **increasingly mobile** and the idea of long life employment is not prevalent anymore. New talent/potential management tools in order to bind this knowledge to the company and new approaches for **knowledge management** are challenges that a leader faces.

## ***THE MODEL LEADER***

The trends identified in the categories of global trends, organizational trends and follower trends define the lock and the leader traits & styles will be modelled accordingly to represent the exact key to the lock and the future environment:

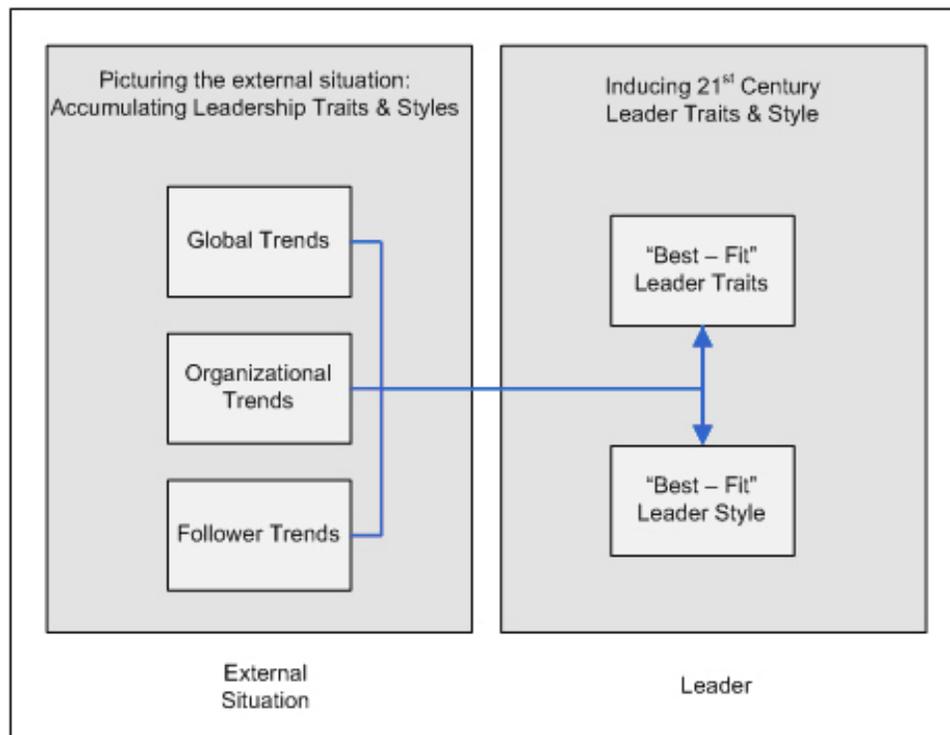


FIGURE 2: RELATIONSHIP BETWEEN THE ENVIRONMENT AND THE LEADER

## **LEADER TRAITS**

The research uncovered three 21<sup>st</sup> Century Leadership Power Traits that are essential to the 21<sup>st</sup> Century leader: First, “Power of Comprehension Traits” in order to acquire external knowledge, assess the changes that are occurring in his/her environment and to identify business opportunities. Second, “Power of Personality Traits” in order to convert changes and opportunities into visions. Third, “Power of People Traits” to inspire and align followers to achieve the visions.

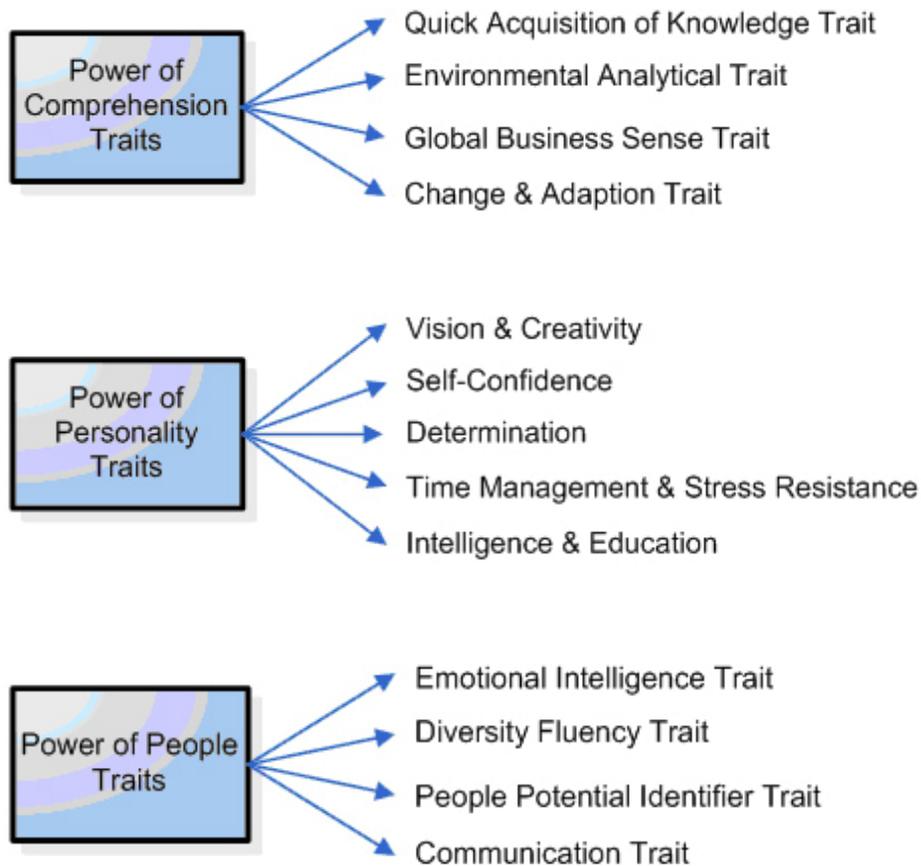


FIGURE 3: THREE POWER TRAIT CATEGORIES

The term “Power” is perceived differently by each reader and may be related to negative associations. For the purpose of this article “Power” is defined accordingly to wordreference.com (2005; 3<sup>rd</sup> definition): Power is the “possession of qualities (especially mental qualities) required to do something or to get something done”.

## ***LEADER STYLES***

The future leader will use three kinds of category styles in the interaction with his/her followers. First “Discover Followers Styles” – the ability to assess followers and identify their strengths and weaknesses. Furthermore, “Develop Followers Styles” – the ability to train and coach followers in order to overcome weaknesses and to foster strengths. Finally “Delegate to Followers Styles”– the ability to align & empower followers to achieve the visions.

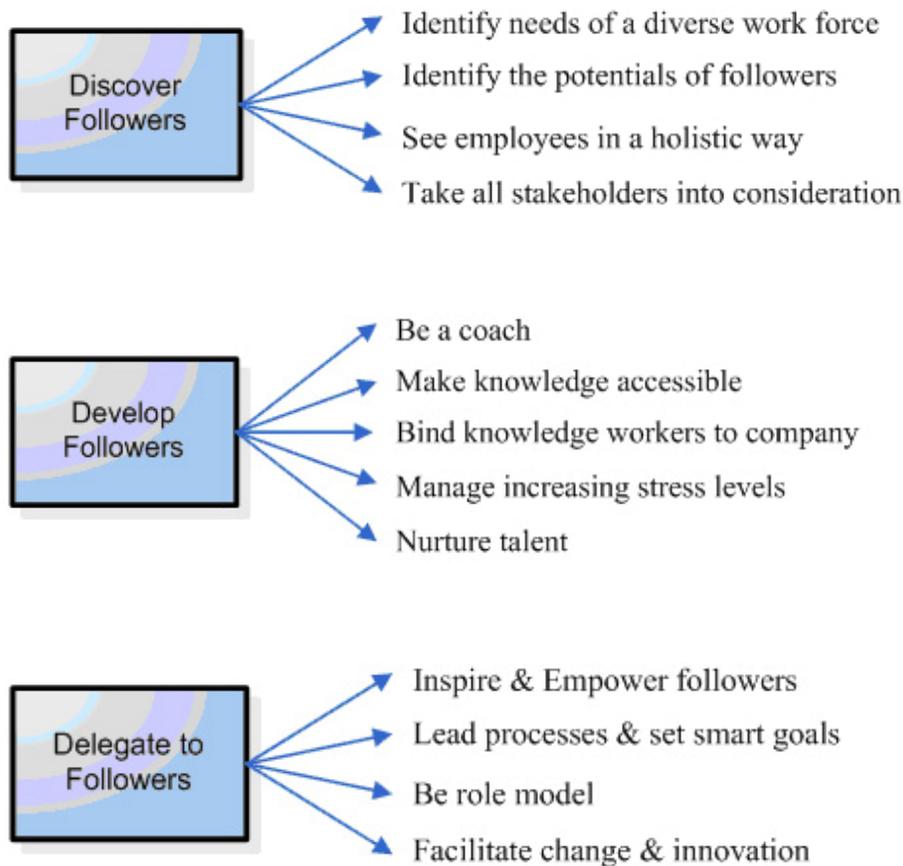


FIGURE 4: THREE D' STYLES

## ***LEADERSHIP PROCESS***

The following brief description of the leadership process will be centred on the previously developed traits and leadership styles. During the research it became evident that the external situation is the main impulse generator in a future business setting. The emerging knowledge economy is and will be full of information and opportunities that

need to be captured and (be) taken advantage of by leaders that have the capability to do so. While the following description provides – due to simplification reasons – a one way description of the leadership process the reality claims an interaction process.

The 21<sup>st</sup> Century Leadership process is described in 6 steps, whereas the focus of the description is the leaders' traits and styles. It starts with the analysis of the environment which results in the formulation of a vision(s). This vision is communicated to the followers in the “lead” process. The followers encode the “lead”, perform the action and give feedback to the leader.

#### (1) Analyse

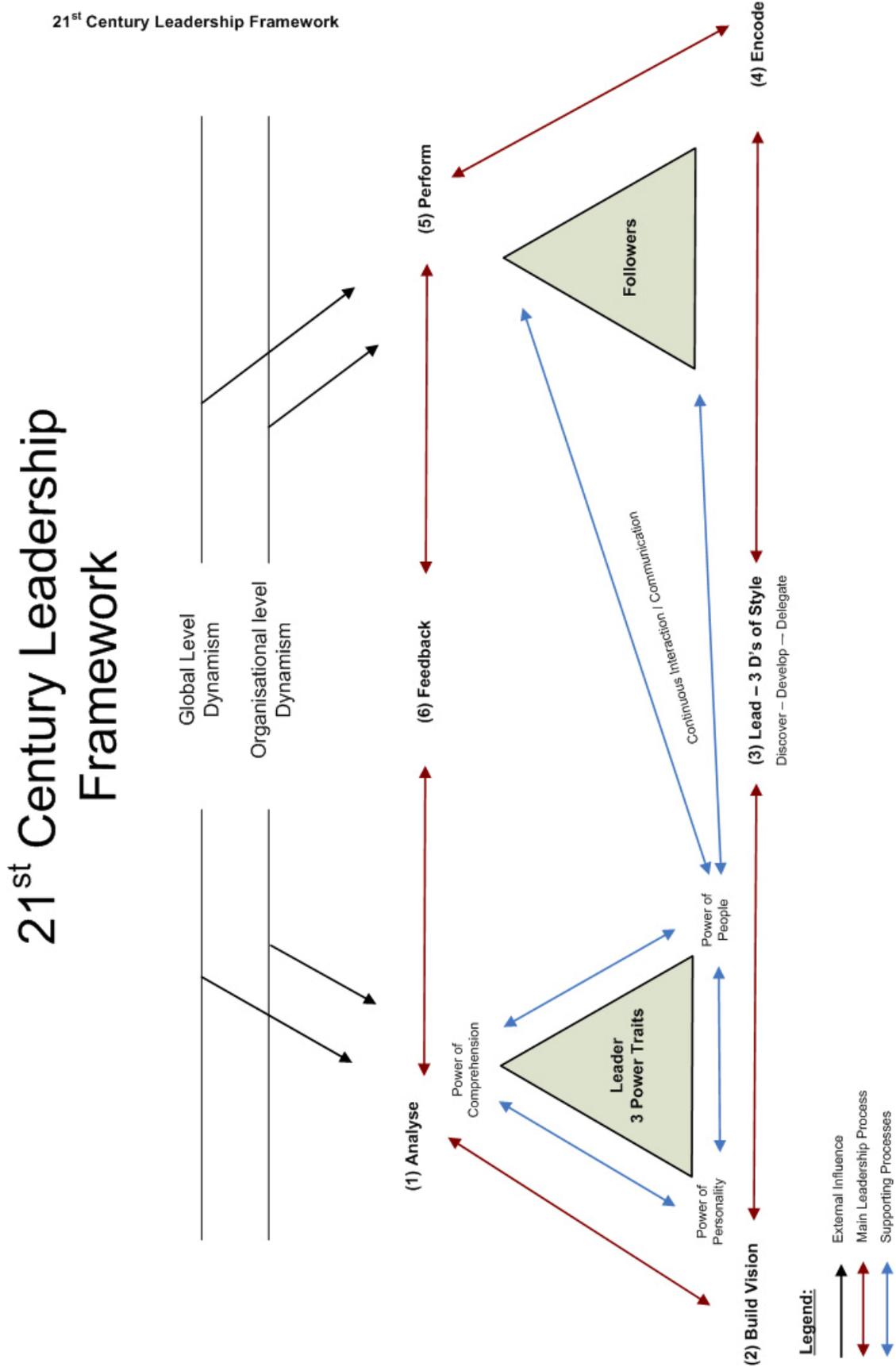
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The leadership process starts by the impact of external dynamism and is structured into 6 interactive and two-way directed steps. External dynamism may be virtually every information or piece of knowledge that may be converted into a vision. The “Power of Comprehension Traits” play a crucial role by initiating the process and may be described as the “learning centre” of the leader. The four mentioned traits in the Power of Comprehension traits category are responsible for the analysis and interpretation of the acquired information. The “Quick Acquisition of Knowledge Trait” facilitates the speedy absorption of information and creation of knowledge; further the organizational and global circumstances with regards to the newly acquired information will be appraised (“Environmental Analytical Trait”). The “Global Business Trait” enables the identification of business potentials in line with the leader's organization's strategy. The “Change & Adaptation Trait” sets the course for the change into the direction of the newly identified business potential.

#### (2) Build Vision

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By knowing the business potential, the external global leverages and the organization's capabilities for utilizing the opportunity the “Power of Personality Traits” come in action. The “Vision & Creativity Trait” eases out of the box thinking for approaching the challenge of achieving the vision. The “Self Confidence” and “Determination Trait” provide the leader with the assurance and motivation to endure with the accomplishment



of his/her ideas. Prioritisation of work and an intercultural education facilitate and foster the process of building a vision (“Time Management & Stress Resistance Trait”; Intelligence & Education Trait”). The “Power of Personality Traits” are in conjunction with the Power of People Traits essential to formulate and “sell” a vision to other employees that turn from employees into followers if convinced by the leader. Of crucial importance is therefore the third step – the lead process.

### (3) Lead

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After clarifying the vision the “Power of People Traits” are used to lead the followers with help of the “3 D’s of Style” (Discover – Develop – Delegate). The “Power of People Traits” provide the basic understanding for the relations with followers while the three D’s resemble concrete interactions with the followers. Of central importance is emotional intelligence; the leader’s ability to anticipate the minds of the followers and react appropriately to it. The three D’s resemble a sequence of leader – follower interactions. First, the leader “discovers” the followers; the leader identifies needs and potentials & strengths of the followers. Accordingly he arranges project groups that complement each other. Secondly, the leader “develops” followers; that is he functions as coach and makes knowledge necessary for the accomplishment of the task accessible to the followers. Finally, the leader delegates partial/full responsibility and authority to the followers. Followers are empowered and leadership is partially shared as well as rewards and possible penalties.

### (4) Encode – (5) Perform

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The message is sent to the followers and if appropriately done it will be encoded by the followers accordingly to what the leader meant to send. Primary focus of this research was the leader; therefore the description of task fulfilment by the followers is kept short here. After encoding the followers perform the actions in order to achieve the agreed goals. Supporting processes such as two-way communication supplement the task achievement.

(6) Feedback

Feedback should be given during the process but latest after the goal has been achieved. The new set of information will be then again analyzed in the “learning centre” of the leader and new interpretations and global / organizational changes may lead to new visions. Thus, the leadership process starts all over again.

## ***DISCUSSION***

The Power of Comprehension Traits and the significance of external dynamism are one important if not the most important new insight generated from this research. It is the attempt to see leadership rather as a process which does not start (directly) with the leader itself but rather (indirectly) with the external environment as initiation of leadership. Virtually all knowledge is acquired by exposure to our external environ-

***By acknowledging that learning from the external situation is the start of the leadership process and further the fundament of visions new leverages emerge.***

-ment. Every bit and byte of knowledge that is basis of the leaders’ action has had the start in the acquisition of external knowledge. This insight has enormous implications on the composition of desired leadership traits. By acknowledging that learning from the (external) situation is the start of the leadership process and further the fundament of visions (that are key success factor), new leverages emerge. “Power of Comprehension Traits” are the leverage facilitators in this sense. They represent the “learning centre” of the leader that is focused on sharpness to quickly acquire knowledge (Quick Acquisition of Knowledge Trait), to asses the environment (Environment Analytical Trait) and to identify global business opportunities (Global Business Sense Trait). This learning is “passed on” further to the “Power of Personality Traits” that facilitate the formulation and generation of visions from this knowledge. The fourth mentioned trait – “Change & Adoption Trait” – is the overall framework and facilitator because only if the leader recognizes change and adapts to it he/she will be able to proactively utilize the first three traits. This presented insight is not only as simple as explained in this section but is a consequent response to the trends of the emerging knowledge economy, globalisation and outsourcing.

While the external environment as knowledge source is probably confirmed by the majority of researchers no theory reviewed is mentioning it nor highlighting the importance of knowledge acquisition as ignition of the leadership process. The author supposes that the leader in traditional theories is passively exposed to the external environment. Contrary in 21<sup>st</sup> Century Leadership the leader is proactively capturing this knowledge in order to generate visions and therefore represents a change agent as Duclewicz & Higgs (2003) state. By having “Power of Comprehension Traits” the leader changes and generates visions in line with the evolving environment; this is a dynamic component of leadership that is missing in many reviewed leadership theories.

Organizations in the 21<sup>st</sup> Century are exposed to external dynamism which is almost impossible to actively steer. It is therefore asserted that the only way to successfully sustain in the global environment is to remain flexible and agile on organisational level. The leader as change agent is therefore the best measure an organization ought to have. The picture of the model leader with the three Power Traits and three D’ Styles is a precious example of how a model 21<sup>st</sup> Century leader might look like and gives leadership development managers ideas how to develop their internal capabilities. Furthermore, it highlights the importance of knowledge & visions in the leadership process and requires companies to make this knowledge freely accessible to their employees.

### ***ABOUT THE AUTHOR***

Michael Lorz has been studying business administration at The Hanze University in Groningen, The Netherlands (BBA); The University of Macau, China (BBA); The UCD Michael Smurfit Graduate School of Business in Ireland (MBS / CEMS MIM); The Rotterdam School of Management – Erasmus University in The Netherlands (CEMS MIM). Special interest encompasses the areas of leadership, leadership development, trends, flow experience and entrepreneurship in general. Michael has joined an international management trainee programme with Scottish & Newcastle plc and can be contacted via email: michael.lorz@scottish-newcastle.co.uk

## **REFERENCES**

Basis of this article is the master dissertation “Discovering the 21<sup>st</sup> Century Leadership” written at the UCD Michael Smurfit Graduate School of Business in Dublin. The references stated here are only quotations used in this article and are only a partial picture of all references.

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## **RESEARCH PROCESS**

The appropriate research design for answering this dissertation is found in an exploratory research format that incorporates elements of the grounded theory research strategy. The research approach follows the scheme deduction – validation – inductive elaboration – validation. Data collection methods include in-depth and semi-structured interviews and questionnaire survey as primary data collection methods and primarily scientific books and journal articles as secondary data sources.

The literature review has helped to gain an understanding of the evolution of leadership theories and the variables that influence leadership. One key finding is that leadership is influenced by the following five leadership context variables: Traits, Style, Followers, Global and Organization (Situation). Another key learning is that any future framework would have to take all these variables into account. Figure M1 (below) represents the most basic version of a potential framework incorporating these five variables. This basic framework neglects relationships between these variables; its mere aim is to present the five variables that function as basic research guideline. They are presented as question marks because this research aimed to explore them in connection with a future business setting. By the time when all variables were uncovered and brought in a future business setting the leadership framework was finalized and it was possible to describe it.

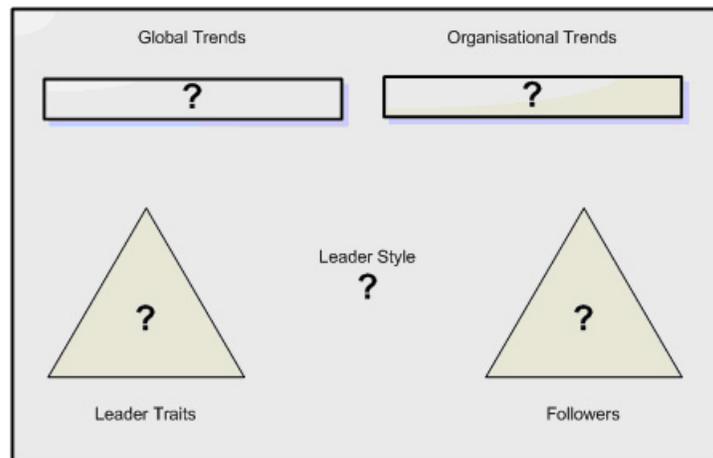


FIGURE 6: FIVE QUESTION MARKS BASIC LEADERSHIP FRAMEWORK

The author of this research project argues in the tradition of contingency leadership theories that the leader reacts to a given situation and consequently has to be adaptable to it. That is why first the external, situation variables from the leaders' perspective (Global – Organizational – Follower Trends) had to be explored before conclusions could be made about “best fit” traits and styles. The approach of exploring all five variables of the “Five Question Marks Basic Leadership Model” is shown in figure M2 (next page) and described in three steps:

#### Step 1: Exploration of Trends

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First, literature has been consulted in order to primarily identify trends and the implications of these trends on leadership. The findings of the secondary data research were supplemented by primary data research. The main purpose of the primary data collection, using interviews, was to explore the implications of specific trends, e.g. outsourcing on leadership and to validate the trend findings of the secondary data. Implications have been acquired until an appropriate data sufficiency level was achieved in each trend category. During the research many trends - business developments - were uncovered, elaborated on and coded into one of the three categories being global trends; organizational trends and follower trends. Using this coding approach many initial trends were merged into higher level trends or are just not mentioned anymore because they proved to have no impact on leadership. Theoretical sampling has been a matter of development of the trend categories; depending on what kind of trend (related to leadership) was emerging experts with the trend related expertise were interviewed until theoretical saturation was achieved in each category.

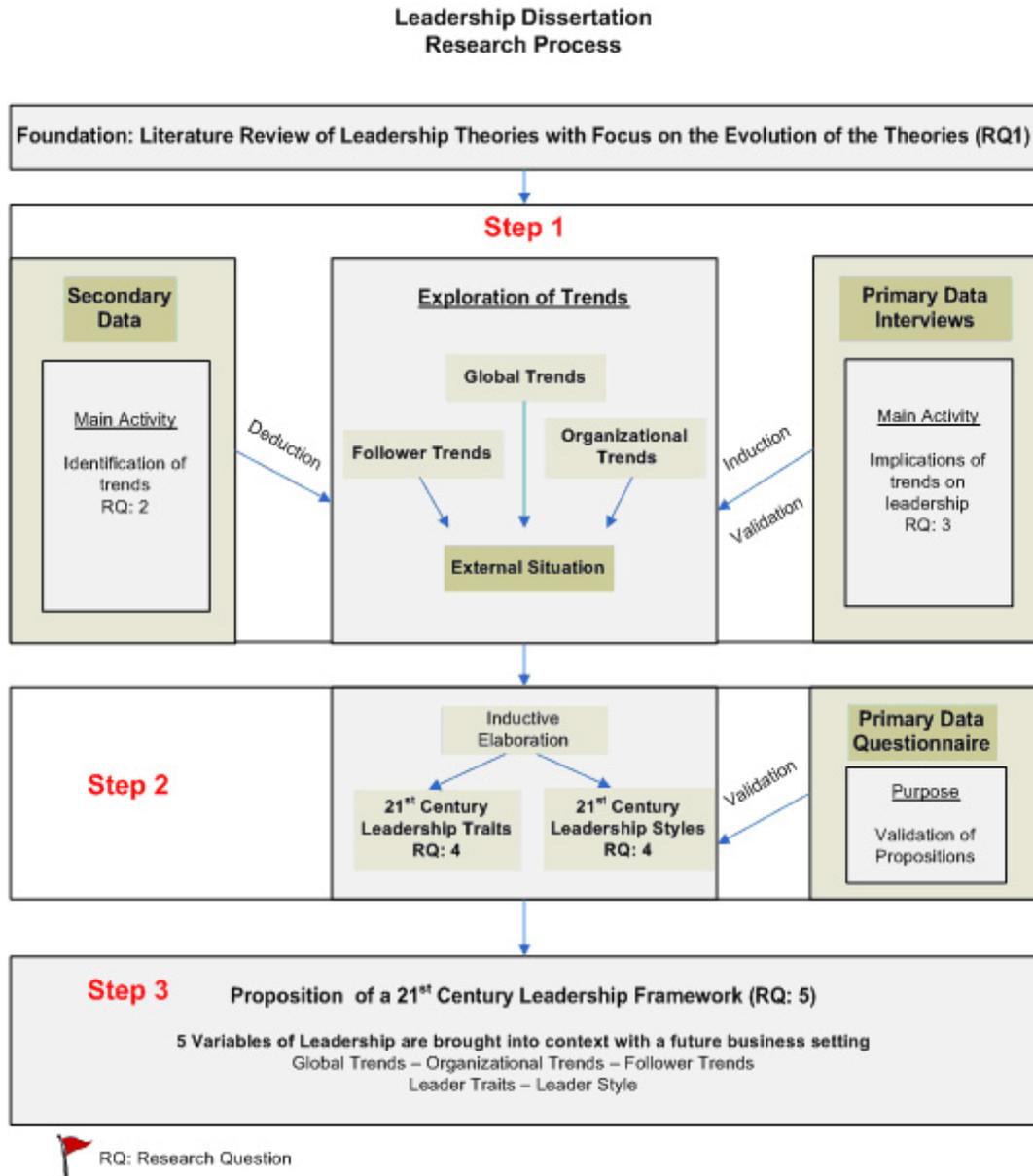


FIGURE 7: RESEARCH PROCESS

### Step 2: Inductive Elaboration

At this point, the external environment to the leader is explored and described. Trends are identified and implications on businesses and future leaders are formulated.

Step 2 builds upon the findings of step 1 and aims to develop the “21<sup>st</sup> Century Traits and Skills” that are necessary to respond to the changing situation. For example, talking about the trend of increasing cultural diversity the response would be that the leader has to be cultural fluent.

Regarding the approach, first the traits & styles that were collected during the interviews have been aggregated and analyzed. After the aggregation and analysis of the explored implications the “21<sup>st</sup> Century Traits” and “21<sup>st</sup> Century Styles” have been induced; the “best fit” leader to the described situation in step 1 (traits & styles to external situation) has been modelled.

7 Propositions have been formulated that represent the underlying key statements of the 21<sup>st</sup> Century Traits and Styles. A questionnaire has been utilized to test these propositions in order to confirm, cancel or refine them.

### Step 3: Proposing a 21<sup>st</sup> Century Leadership Framework

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Recalling figure M1 and the five question marks the research has incrementally explored these five question marks and brought them in connection with a future business setting. Based on the five variables the 21<sup>st</sup> Century Leadership Framework is drawn and the leadership process is described. By then all research questions and objectives are accomplished.