

13 Forms of leadership

Before going on to discuss the matter of leadership it is useful to determine whether people working together in a group always actually need a leader. The basic assumption in this section is that there is a form of co-operation corresponding to the definition given in Section 10.2.4.

It would appear that groups do not require leaders when:

- All members of the group have the same goal.
- Everyone's sequences of objectives are the same.
- All members possess the same amount of will power to achieve the relevant goal.
- There is agreement on the ways and means to be employed to achieve those ends.
- The capacities of the group members are not too divergent.
- The process required to achieve the goal can be sufficiently overseen by all involved (size and dispersal of the group, time duration).

Such situations are, as one might expect, rare, and will only arise in the case of small groups with clear-cut objectives that are quickly achieved.

It is always very soon the case that one or other of the points mentioned above is not met so that the group rapidly disintegrates or else formally or informally a leader comes to the fore.

In this connection the experiments carried out by the American psychologist **Leavitt** and the Dutch psychologist **Mulder** of the Erasmus University in Rotterdam into communication structures in small groups are interesting. See Appendix 13.I.

13.1 Power and authority

13.1.1 Power

“Power is the ability to, in accordance with the objectives of a person or group, consciously limit the behavioural options of other persons or groups”.

(As defined by **J.A.A. van Doorn** of the Erasmus University in Rotterdam.)

According to this definition, it is possible for an individual to exercise power over others on different grounds as follows:

- When that individual has at his disposal the possibilities or means to *compel* others to place such limitations upon behavioural options. In other words, on the grounds of *sanctions*.
- It is also possible that someone does not actually possess these possibilities for sanctions himself but that the one in power actually *delegates* certain competences to various individuals.
- An individual may alternatively obtain his power from the fact that others do what he says simply because they respect him as an individual because of his personal qualities, expertise, etc. This is termed power that is based upon *prestige*.

Power is not something that can, in itself, be perceived. It is only the exercising of power that may be observed, usually in the form of changes. It is a relative concept. One may only speak in terms of more or less power and then only in relation to given situations. Power is therefore a relationship between two persons or parties that is applicable in one system but not in another. Anyone who works in a company only retains a certain degree of power over his subordinates within that same company and during working hours. Outside of the company and outside of working hours he is unable to exercise any power whatsoever over his subordinates. Indeed, the roles may even be reversed if, for instance, the subordinate in the work situation is a chairman in a society where the superior is just an ordinary member.

When power is based on coercion and sanctions then it must be possible “to mete out” those sanctions and to repeatedly enforce them. If it is only possible to exercise such a sanction once only, the associated power will rapidly disappear. However, even when the sanctions can simply be drawn upon that remains an uncertain basis for the one in power. **Rousseau** wrote: “Not even the strongest amongst us is powerful enough to always remain in charge without converting his *power* into *rights* and the *subservience* of others into a *duty to obey*.”

This process of conversion is what is known as *institutionalisation*.

It is the process by which rights and obligations are established in *regulations*.

Such regulations may be voluntarily laid down on the basis of an *agreement* between both parties or on the basis of an *order* to which the one without power is not voluntarily a party¹. Institutionalised power is therefore based upon game rules that may or may not be voluntarily accepted.

13.1.2 Authority

Power and authority are two things which should be clearly differentiated.

In instances of enforced submission, as for instance in the concentration camp situation, there is only evidence of power. Much the same applies when the person in charge in a company situation can only get things done by threatening people with dismissal, ruining their career etc.

One can bend to the manager’s will purely out of self-interest without agreeing with the objectives ultimately underlying the exercising of power and do the work without

¹ Beware of the fact that in that case the form of co-operation does not actually meet the requirements laid down in the definition given in Section 10.2.4.

any conviction. *From the subordinate's angle* one cannot speak of a leader's authority but only rather of that person's power. There can only be evidence of *authority* if the relevant power is accepted by those who are subordinate. Authority is therefore power that is accepted by those who are subjected to it. It is for this reason that sociologists speak of the *legitimising* of power. Power is in that case accepted as being "correct" which is something different from institutionalised power based on an obligation to obey.

The existence of obedience does not always need to coincide with authority either. It does however coincide when obeying means that someone does what he is ordered to do with conviction and assent. Authority may be said to be absent when the person who is subordinate inwardly resists the orders given.

Precisely why some opt to obey is something that has not as yet been very well researched. In this connection the reader is referred to Appendix 13.II in which a description is given of the oppressive results of a study into this.

13.2 Types of authority

A well-known typology for this is that of the German sociologist, **Max Weber**. It is a typological description for "ideal types". In reality, though, there are all kinds of in between forms and combinations. When theoretically examining a problem it is often useful to first distinguish the ideal types in broad outline before going on to study the nuances.

Max Weber distinguished between:

- charismatic authority
- traditional authority
- legal authority

This final kind of authority depends both on function and expertise which is why it may subsequently be divided into bureaucratic, rational and functional authority which, according to Weber, are all forms of legal authority

Charisma involves displaying clemency. *Charismatic authority* depends on the dedicated loyalty of followers to what amounts to automatically accepted leadership. It is the kind of authority that is often found in one-man companies. The leader is a leader simply because he has shown the initiative in taking a certain line of action and invariably also because he was somehow suitably equipped to do this. His subordinates often "believe" in the goal that such a pioneer pursues. What the leader is capable of achieving borders, in their eyes, on a miracle.

Traditional authority is founded on a belief in the rightness of the tradition as evidenced in inheritance situations and family businesses.

With *legal authority* it was particularly bureaucratic organisations that Weber had in mind where the division of labour is clear and everything is done according to fixed rules. Even the establishing of superiors and subordinates is organised according to rules that are accepted as being fair. There it is not so much a case of the incumbent being honoured as the position itself as is borne out by government institutions and large public limited companies. The leaders are appointed in line with recognised methods and mainly according to their suitability for the relevant positions of

leadership. Since with Weber this last type of authority depends both on position and expertise this category is subdivided into bureaucratic, rational and functional authority.

In this subdivision *bureaucratic authority* is chiefly that which depends on the holding of a public position; e.g. as policeman or priest.

For the degeneration of the bureaucratic organisation into the positocratic organisation and the corresponding degeneration of bureaucratic authority into positocratic power, see Section 10.2.10

Rational authority relies notably on the recognised expertise of the leader. In the company situation one should not see this as just including technical expertise. **Van Zuthem**, a sociologist at the University of Twente in the Netherlands suggests ‘that employees will not easily be prepared to legitimise power when they are aware that their interests are being expressly ignored. This rational type of authority implies that also the interests of subordinates are being served’.

The sociologist **Etzioni** clarified the difference between bureaucratic and rational authority in the following way:

‘If a bureaucracy is to function properly then a certain power hierarchy is required in order to co-ordinate and control the activities of those lower down the ladder. Knowledge is to a large extent an individual characteristic which, unlike other organisational means, cannot be regulated by means of an order passed on from one person to another. Even the way in which knowledge is applied is basically an individual matter, at least from the point of view that the individual specialist is ultimately responsible for his professional decision.

This highest individualised principle is diametrically opposed to the essential aspects of the organisation principal of bureaucratic administrative authority which is namely that of the co-ordination and control of superiors.

The ultimate justification for professional operations is the fact that such proceedings do, to the best knowledge of the relevant professional, constitute correct operations. If the professional in question makes a mistake he will therefore be defended by his colleagues.

The ultimate justification in the case of administrative bureaucratic operations is that they correspond to the rules and regulations laid down by the organisation and that they are directly or implicitly approved by someone of greater authority.”

Lammers, a Leiden sociologist, asserts that *functional authority* rests on a certain acceptance of a wielding of power by virtue of the fact that those who are subordinate agree with the purposes for which and the means by which power is exercised. The subordinates will legitimise this authoritative power as long as they are able to accept the objectives. Present developments are moving increasingly in the direction of such functional authority. Employees are becoming ever more critical and ever less prepared to unquestioningly accept what are purported to be the good intentions of the person in authority.

Again, it should be pointed out that in practice all sorts of in between forms and combinations are conceivable such as, for instance, charismatic authority being combined with functional authority.

Each of these authority types can derive its power from each of the three mentioned power bases (drawing on sanction possibilities, delegation or prestige) or combinations of these permutations, examples of this being:

-The charismatic leader of a one-man company who derives power from the “missionary image“ he has with everyone and partly also from the scope he has to enforce sanctions due to the fact that he is invariably the owner of the production means. Generally, because of his urge to innovate change coupled with the knowledge of the product chosen by him upon which to base his business, and through his pioneering spirit he will usually enjoy prestige.

The son who takes over his father’s business (traditional authority) will, in turn, have to build up prestige.

The professional manager (legal authority) has delegated power and may sometimes, or sometimes not, enjoy prestige.

13.2.1 The style of leadership

Leadership may be exercised in various ways, regardless of the power basis or type of authority upon which it is founded. It has variously been distinguished in the following ways.

I. According to the differentiations made by the German sociologist **Kurt Lewin** leadership is predominantly based on the following political principles:

- laissez-faire

The leader merely conveys information to the group but exercises little control and stipulates few constraints.

- autocratic

The leader dictates what has to be done and how it must be done and demands unquestioning obedience

- democratic

The leader discusses with his subordinates how things must be done and what must be done. For leaders in company situations this categorisation is not all that useful but it has given rise to further studies in this field.

Famous examples of companies managed according to the principles of democratic leadership are Semco S/A, (Brazilian marine and food processing machinery manufacturer) and “Endenburg Elektrotechnik” in Rotterdam (Dutch company, managed by Gerard Endenburg, author of the PhD dissertation “Sociocracy as a Social Design”).

II. A second kind of differentiation is that made by **Charles Nelson** (USA):

- *bureaucratic regulative*

(‘Them’). The leader is a bureaucrat for whom the rules are more important than the goal. He is a one-sided wooer of procedures, organisation schemes and function descriptions.

- *autocratic directive*

(‘Me’). This autocrat maintains that only he knows what is best. The functions carried out under his supervision are usually described but the interrelations are undetermined.

- *idiocratic manipulative*

(‘You’). The diplomat type who plays off his subordinates against each other. The reaction is one of distrust.

- *democratic integrative*

(‘Us’). To be typified as the ‘axis’. This kind of leader endeavours to achieve the goal through team-forming and productive discussion.

III. **Likert** (an American psychologist) came up with a somewhat different kind of differentiation which was as follows:

- *exploitative authoritarian* (exploit: ‘No moaning, laying on of the lash’)
- *sympathetically authoritarian* (patriarchal: ‘I really know what is good for the workers’)
- *consultative democratic* (‘The employees know better than me about all kinds of things so I will ask them to give me *advice*’).
- *influencing through interaction* (participative) (motivation and voluntary co-operation).

He completely fails to consider the ‘laissez-faire’ type and examines only those cases where the leader has a positive influence. According to Likert these are four ideal types. In reality they form one continuum with many patterns falling between two given points.

NB: In business literature the term *democracy* is frequently used. This should not, however, be confused with the concept of parliamentary democracy, i.e. the process of deciding according to majority vote.

Democratic behaviour (attitude) is understood to mean here:

being prepared to work together constructively without wanting to condemn, to disdain, to contest or to subordinate each other.

13.3 The law of the situation

13.3.1 The qualities of a leader

The providing of leadership requires a combination of many qualities or characteristics. According to all the relevant literature research into the qualities required has led to more than 100 different qualities which each leader should possess. Evidently this is then a rather static notion of what being a leader involves.

In 20 years' time the situation will undoubtedly be different. Apart from anything else, the kinds of essential qualities required by a leader will vary depending on the situation, indeed certain qualities will not be required at all in some situations. A young or new company needs a different kind of leader from one that is in a consolidation phase.

The exact type of leader required will depend very much on the situation. Providing leadership is a matter of balance in which four factors play a part:

- The qualities and character of the leader.
- The qualities, requirements and characters of the subordinates.
- The character of the organisation, for instance, its objective, structure and the types of tasks to be executed (the internal situation).
- The social, economic and political environment of the particular organisation (the external situation).

Furthermore, each of these factors will vary according to time or to when they are relevant and these changes will often be hard to predict. Just within groups leadership can vary depending on what is the situation.

It is impossible to find a universally applicable relationship between these four factors which means that no universally best style of leadership can be advocated.²

It is thus necessary to not only look to the leader but also to the subordinates and the circumstances. The subordinates must also want to and be able to follow the leader.

13.3.2 *The subordinates*

One important facet in this connection is the question of what motivates people to work. (Incidentally, what is mentioned below also applies to the leader himself).

In 1959 the American, **Herzberg**, published "The Motivation to Work". From his research he was able to draw the conclusion that the factors influencing work achievement could be divided into two types known as the "satisfiers" and the "dissatisfiers".

According to his hypothesis, an improvement in the dissatisfier situation does not change the attitude to the company and to the work. It does nothing more than shift matters from a negative to a neutral attitude.

A lack of satisfiers does not lead to negative attitudes but if this aspect is improved then the attitude adopted will clearly be positive.

The *dissatisfiers* are related to work situations such as salary, company policy and management, the technical skill of leaders, personal relations with leaders, working conditions, and so on. Together, these are all known as the *work extrinsic* factors. The satisfiers have to do with the work itself, such as recognition, the content of the work, responsibility, getting promotion, etc. These are known as the work intrinsic factors

Meanwhile, research conducted by others has clearly demonstrated that the research method adopted by Herzberg had a very great influence on the outcome of his results.

² See also in this connection the study into leadership carried out during the flood disaster described in Appendix 13.III and the history of the Ford factory given in Appendix 13.IV.

At the time the results of Herzberg's research also had quite an impact in the Netherlands. They appeared to explain why giving in to all kinds of employees' demands in the fifties such as providing free coffee, reimbursing travel costs, offering higher salaries and providing better canteens did not ultimately improve the atmosphere in the work situation. After all, all those aspects are dissatisfiers, the improving of which only leads - according to Herzberg's theory - merely to a neutral attitude.

Later research carried out in the Netherlands, for instance by **Thierry** an employment psychologist affiliated to the University of Amsterdam, reveals that the discrepancy highlighted by Herzberg between work intrinsic and work extrinsic factors is highly relevant. Satisfaction and dissatisfaction are not indeed just opposites but, according to Thierry, they are fundamentally different variables altogether. The present hypothesis is that work intrinsic factors are more important than extrinsic ones *both* in the derivation of satisfaction *and* dissatisfaction. That simultaneously explains the situation existing in the fifties.

Both factors thus cover the entire continuum going from extremely negative to extremely positive situations but the work intrinsic issues have a much greater and longer-lasting effect upon motivation.

These theories might seem to be rather undifferentiated and to insufficiently take into consideration the differences existing between individual people. Since then the belief has arisen that discrepancies might even be seen between different levels of human behaviour. In the 1966 Sept/Oct issue of the Harvard Business Review **Clare Graves** explained this in the following way.

She suggested that the style of leadership adopted must be geared to the behaviour of the subordinates. The development of a human being is a continual process characterised by the consecutive emergence of new and higher standard behavioural systems which supplant earlier acquired behavioural patterns. Each step attained represents a point of balance on the ladder leading to the next level of equilibrium.

1. The *primary, autistic* behavioural level only geared to staying alive. People operating at this behavioural level will only react to leaders who care for them as for a child.
2. The *animistic* behavioural level that rises above the basic existence level. Here magic and superstition have an important part to play. People operating at this level may be led but only to an extremely limited degree and they will then require continual and direct leadership.
3. *Awareness of anxiety*. This type of individual has just become aware of the totality of forces existing within himself and the world. He therefore constructs for himself an ordered and predictable world with clear rules and regulations. This type of individual needs to be led in a way that is in accordance with his or her expectations.
4. *Aggression and power*. At this behavioural level people believe in the power of their own ego and maintain that they are able to influence the existing order by exercising their own will. They are almost inclined to seek a power struggle with their leader.

5. *Socio-centric behavioural level.* This kind of individual is more involved in social than in material or primary personal affairs. He desires a friendly and quiet atmosphere with a comfortable work speed. When both the leader and those led belong to this fifth category then participatory leadership will arise with the danger that they become so enchanted by the group process that all they do is hold meetings. It is dangerous if a “5 type” becomes a leader with “3-type” employees.
6. *Aggressive individualism.* Such an individual is not afraid of disapproval on the part of the group or the leader. He is quietly self-assured and convinced of the possibilities of staying alive whatever might happen. This kind of man will be predominantly interested in the goal rather than in the means. He accepts the instructions to do the work but not the conditions relating to how it should be done. The result of this is that sometimes the boss has to work for his subordinates (which is not, of course, a disaster).
7. *Pacificistic individualism.* A milder form of 6. The individual in this last behavioural level group is also particularly goal-oriented but will not necessarily challenge the means unless he finds them personally objectionable. He demands peace and trust and a form of leadership that takes him as he is and which is prepared to support him in the attaining of the goals that are important to him. The leader will have to adapt the organisation to him.

The divisions created by **A.H. Maslow** psychologist, USA in 1954 in which he came up with a series of consecutive fundamental needs are very close to those given above and constitute the best known needs theory.

He differentiates between:

- V The need for *self-development*, the need to fully realise one's own possibilities, to develop into what one potentially is; self-actualisation.
- IV The active need for *self-valuation*; self-esteem. The passive need to become recognised, *to become valued* by others; respect and admiration.
- III The active need *to give love*, to be able to mean something to others; love for others. The passive need to belong, *to receive love*; belonging.
- II The need for safety, *certainty*, and the concern to also be assured of physical well-being in the future; safety requirements.
- I The *physiological needs* that are directed towards the preservation of the organism, thus for food, rest, shelter etc.; physiological needs.

Maslow conceives of these needs as being *fundamental* in the sense that they are needs which everyone possesses or which are at least potentially present in everyone. These needs are all basically dynamically interlinked. They supersede each other in a fixed order; a ‘higher’ need only comes to the fore once in relation to it a ‘lower’ need has, to a large degree, been satisfied. When a need has been satisfied it no longer constitutes a motivating factor. Someone who is hungry will put effort into finding food. Once that same individual has been well fed he will no longer possess the motivation to search for food. One should not, however, see this ‘dominating’ of lower needs over ‘higher’ needs as something absolute but rather as relative. The consecutive nature of need requirements is something that can, for instance, be traced

if one follows the development of an individual from the baby phase to adulthood. There are all sorts of reasons and circumstances explaining why most individuals stagnate midway in this growth process through the hierarchy of needs.

Certain Dutch studies, such as that of **Huizinga**, appear to support the Maslow hierarchy while other studies, like those of **Mastenbroek, van Dijk** and **de Sitter**, arrive at different conclusions. Although the Maslow theory intuitively appeals greatly to many, **Locke** is quick to point out that it cannot be generally asserted that the Maslow theory is supported by sufficient research.

Allied to the Maslow theory is the E.R.G. theory of **Alderfer**, published in 1972. He distinguished three different kinds of human needs:

- I Existence needs
- II Relatedness needs
- III Growth needs

There is no hierarchical principle though, as with Maslow. Various of the needs can become more pronounced at given times, independent of any kind of sequence. Alderfer also envisaged a type of substitution principle. Someone might endeavour to meet their basic needs more satisfactorily because they are insufficiently fulfilled in their relation requirements. Already fulfilled needs might continue to function as motivators when they are able to serve as substitutes for other kinds of needs that are being insufficiently met. Furthermore, when one is not sufficiently fulfilled as far as, for instance, certain basic needs are concerned, substitution will be sought in other basic needs. For example, someone who feels underpaid will not only seek a higher salary but also more 'fringe benefits' and protection against physical dangers.

From the review given above of all the different types of people and their various drives and needs what becomes clearly evident is that the way in which leadership is practised must be attuned to the various possible types of people (subordinates). What is furthermore also of importance is the circumstances within which the group must operate.

13.3.3 *The internal circumstances*

Clearly an emergency situation, such as when fire breaks out, will demand a different kind of leadership than for instance research work. **Hijmans**, the grand old man of organisation in the Netherlands maintains that a common goal needs to be established for every kind of group which gives a certain colour to that same group. He means colour in the sense that for the sub-tasks within the group the people drawn together have, as much as possible, similar aptitudes and personal views. This collective goal with its chiefly psychological 'onus' is what will determine the work climate. Whenever the work in a group clearly bears the stamp of a certain work climate the leader will become the bearer of that for the group members thus ensuring that he gets a much better hold on the group.

Hijmans arrives at the following *work* climate typology which will have to be expanded through further research:

- The climate of *command*. Work that chiefly calls upon the need alive among staff members to feel a part of a group without having to differentiate according to certain inclinations.
- The climate of *creative thinking*. The endeavour to add something new to the existing situation. Actually creating with one's hands in a craftsman-like way also falls within this category.
- The *technical* climate. What is involved here is the applying of already accumulated knowledge and experience.
- The *trading* climate. The uniting of supply and demand with the aim of turning this to good advantage for the company.
- The *social* climate, directed towards establishing and maintaining contact with other people.
- The climate of *control* directed at the detecting of differences between the rules laid down and operations.
- The climate of *expressive skills*, directed at the great importance of expressing conceptions and feelings in the appropriate way.

Horringa (The Netherlands) chose a different basic principle. He recognised the so-called 'critical activity', in other words, the *activity* within one of the *markets* relevant to the enterprise which may be termed particularly important or even essential as far as the success of the enterprise is concerned. Such critical activity is, according to Horrington, decisive for the *administrative* climate of the enterprise.

For instance he describes the following climates:

- The *purchaser's climate*. The critical activity here is that of buying in, notably of raw materials from a world market with factors that are hard to predict, such as: harvest sizes, economic trends and political situations. In such a climate there is simply no time for internal debate. The leader who works in an intuitive and soloist way will usually tend to lead in an autocratic-diplomatic way. Little attention will therefore be paid to production.
- The *fashion climate*. Criticism amounts to fashion sensitivity, new models, new colours. Here, too, it is the intuitive soloist who is the leader. Here uncertainty permeates every last corner of the company. On the one hand there is a tendency to rationalise production while on the other hand there is the abrupt abandonment of one model for another interspersed with all kinds of rush orders. The leadership is autocratic.
- The *engineer's climate*. Here it is inventing, designing and constructing on the basis of a natural scientific-technical education that is the determining critical activity. The engineer-entrepreneur, notably the older ones, behave - according to Horrington - in a paternalistic-authoritarian way. They abide by what are to them obvious, albeit somewhat conservative norms of decorum; they are 'men of standing'. The consequence of this critical activity is often that too little attention is paid to the cost price aspects, to supply control, series size and model modification.
- The *service climate*. Providing service involves creating connections and it is something that demands a tremendous capacity to adapt. For the customer the

service provided has no concrete value as such but it remains an unavoidable cost item. In management improvisation and the fact that activities are spread over wide geographical areas are the main issues. The management is thus torn between improvisation and inspiration on the one hand and thriftiness on the other hand.

According to Horrynga all these administrative climates, created by the various markets within which the company operates, have a great influence upon the style of leadership adopted by such an enterprise. The relevant internal situation is seen as a consequence of the predominating aspect of the external situation concerning the market.

In view of what has been said above it is clear that both those led and the leader are able to function best in the work climate that suits them.

Apart from anything else, the work climate is influenced by the sorts of products being fabricated and the material processed or integrated. There are distinct climate differences between ship building, engineering works, aircraft construction and the precision engineering branch, even though all have to do with the processing of metal. The atmosphere in a biscuit factory will be different again, just as hospital and welfare work atmospheres differ.

In 1973 **Lawler** (U.K.) illustrated that a number of conditions are required for work to be experienced as purposeful or, as work that makes it possible for personal satisfaction through achievement to take place. Whether or not all those conditions are present is also something that is connected to the internal circumstances. **Cornelis** a sociologist at the Free University in Amsterdam summarised these conditions of Lawler's in the following way in his inaugural lecture:

- *Variation*, both as regards tasks and the use of tools.
- *Autonomy*, which means having an important say in work planning, the aids to be employed and the decisions made concerning the procedures to be followed; how to work.
- *Identifying with the task*, knowing what kind of work one is doing, what part of what whole it is and being able to see the end-results of one's efforts.
- *Feedback concerning results*, the extent to which employees are informed concerning the quality, quantity and efficiency of their achievements.

Whether or not such conditions actually exist definitely affects the style of leadership provided.

13.3.4 *The external circumstances*

Alongside of everything else, the style of leadership practised will also depend on the community in which the group exists. Every society has its own values, norms and accepted traditions. What is viewed as being normal in one country is not tolerated in another country.

This is also something that must be taken into consideration so that a too great deviation from the behavioural patterns of the day will not lead to too much tension.

13.3.5 The law of the situation

As we have seen, the style of leadership has to respond to:

- The qualities, needs, views and characters of the subordinates.
- The internal circumstances such as the work climate, the goal, the type and structure of the tasks to be carried out and the product and product material.
- The external circumstances, such as the social and economic situations, the political views and the value patterns of the surrounding society will thus together influence the style of leadership practice adopted that will be most appropriate in the given situation.

All of that is termed: **‘The Law of the Situation’**

That is why, even within the same company, it will be necessary to have different styles of leadership in different areas which will also often change as time passes. It is not therefore possible to advocate one best style of leadership for *all* cases which is something that many writers try to do. Even one boss will lead different kinds of employees in different kinds of ways. He will *discuss* with his foremen the best production method, he will give his assistant *recommendations* on the planning system to be introduced and he will give his secretary *instructions* to record the overtime hours worked the previous evening so that he can afterwards *discuss* with her which archive system it might be best to use.

Also in different areas of a country the various views and value patterns and the external circumstances can reflect differences. All of this leads to different styles when it comes to exercising leadership.

Those who are in positions of leadership should be well aware of the fact that all three of these factors can really change very quickly and fundamentally and that the style of leadership adopted will therefore also have to be changed accordingly. For many bosses this is a virtually impossible task but one that needs to be realised all the same.

13.4 Aspects of leadership provision

Apart from the power basis upon which any given leadership is based and the way in which such leadership is exercised there are various other issues that play a part, regardless of the way in which leadership is exercised.

Philipsen (sociologist, the Netherlands) distinguished four types:

- *Social* leadership
This is all the behaviour put together which enables the leader to approach the work situation as a conglomeration of human activities and relationships.
- *Instrumental* leadership
All behaviour enabling the boss to contribute directly to the tasks and assignments to be executed.
- *Balanced* leadership
All behaviour enabling a boss to directly contribute to the perpetuation of the functioning of the work unit.
- *Dynamic* leadership

All behaviour that contributes to the simplifying of the adaptation to the changing circumstances.

Lievegoed (the Netherlands) referred to what he called *pedagogical* leadership where he maintained that the chief task of the leader is to help subordinates in the establishing of work autonomy. Educating and forming the subordinates amounts to just one of the relevant facets.

Various aspects will be given relatively more or less attention from the leader, depending on the situation.

Remark:

When reading any literature on this subject one should remain aware that writers will use the term *leadership* with one or another preface to describe such divergent matters as:

- Power type e.g. charismatic leadership.
- The style of practice e.g. authoritarian leadership.
- The inherent aspects of providing leadership e.g. social leadership.

Social and authoritarian and traditional leadership may therefore all go together when we examine the behaviour of a leader insofar as he treats the work situation as a totality of human activities and relationships. This leader may be the son of the founder of the company and his style of leadership may be authoritarian. On top of that, as an individual, this man may reflect Graves' number 4 behavioural level, that of aggression and power.

13.5 Developments up until 2000

In practice it is clear that too many leaders do not account sufficiently for the 'Law of the Situation'. Furthermore, the relevant literature is often too undifferentiated and will often recommend one style of leadership as the cure of all ills. However, this 'best style' will differ from writer to writer.

In practice leaders are also often of the opinion that, also inspired by such literature one given style of leadership will definitely be the best in all kinds of situations. What is especially important here is the 'view of mankind' that this particular leader has in relation to his subordinates.

McGregor (USA) pointed to this aspect in 1960. He proposed that most leaders base their attitudes on a view of mankind that he terms X which is that man is by nature lazy, has an aversion to work, is only interested in money, has little ambition and shows little initiative.

Opposed to this he put forward theory Y which is: that people do want to work, they do seek self-improvement, they can and do think and they are creative.

McGregor does *not* want to assert that view of mankind X is incorrect while image Y is correct but rather that depending on all kinds of factors *each* individual is capable of reacting in both ways and that the reaction will depend very much on the climate and atmosphere. The leader must recognise this. When a leader *always* reacts from the point of view of mankind X to all situations his subordinates will indeed adapt to that

portrayal of mankind and, will for instance, cease to subsequently develop any own initiatives. In that way the leader will become even more convinced that his X view of mankind is the only right one i.e. it becomes a ‘self-fulfilling prophecy’. When the leader also recognises the validity of view of mankind Y he will be inclined to adhere to a much subtler form of leadership that will not only depend on the situation but it will even be the case that his style of leadership practice will, to a degree, differ from day to day with the same subordinates.

Fiedler (USA) published in 1967 what he termed his ‘contingency theory’. He came to view effective leadership as a function of three inter-related and situation-bound variables:

- *The leader-follower relationship*

The personal relationship that the leader has with the group members and the extent to which the members of the group have trust in him and are prepared to accept his leadership.

- *The task structure*

This relates to the extent of the routine attached to the task in question or rather, the degree to which the task can be subdivided step by step and carried out according to a standard procedure as opposed to tasks that are unclear and difficult to define.

- *Positional power*

This is the kind of power that is attached to a leader’s function, notably when it comes to taking on employees, promoting people or dismissing them and the amount of support that the boss might expect to receive from his superiors.

On the basis of his research Fiedler indicated what style of leadership is most effective in any given situation. In fact he merely distinguished two different main styles:

- Permissive, non-directive, considerate, i.e. a style that is oriented to people and
- Directive, managing, task controlling, i.e. task-oriented leadership. Cornelis, from whom this summary of Fiedler’s is borrowed, points out that in recent times objections have been raised concerning these research results.

In 1970 **Morse** and **Lorsch** (USA) proved that in exercising leadership it is not only the X or Y view of mankind that is of relevance.

The need to be able to fully deploy one’s own capacities was something that became central to their study. However, even though these days it is frequently believed that the greater the level of participation on the part of employees the greater the satisfaction will be. They demonstrate that all kinds of situations can arise in which a more formalised organisation and a more controlling form of leadership apparently leads to a better solution to the satisfying of the needs of those involved.

They, too, see their research as a contribution to the ‘contingency theory’.

Vroom (USA) who, already in 1964, was famous for his contributions to the theory of work motivation and **Yetton** produced, in 1973, a correlation between style of leadership, the organisational problem that has to be resolved and the context within

which that problem is placed. The basic foundation underlying all of this was the decision-making process. They distinguished four kinds of leadership processes:

- autocratic
- consultative
- groups, participating
- delegating

On top of that they came up with eight problem aspects:

- The importance of the quality of the decision
- The amount of information that the leader himself possesses in order to arrive on his own at a decision concerning higher quality.
- The amount of information possessed by the subordinates which enables them to arrive at a decision relating to higher quality.
- How strongly structured the problem is.
- To what degree acceptance on the part of subordinates is critical when it comes to the executing of the decision.
- The probability that an authoritarian decision will be accepted by the subordinates.
- The motivation that the subordinates have to achieve the explicit problem objectives.
- The degree to which the subordinates differ amongst themselves when it comes to the matter of their views on the preferred solutions.

In this model the choice of leadership style therefore depends very much on the leader's actual assessment of the situation.

This theory therefore also forms a part of what have already been called contingency theories.

13.5.1 Influencing by means of interaction

In this discussion on forms of leadership it is clear that we are constantly dealing with hierarchical levels. A decision can be made at a certain level without having to enter into consultation with lower levels. In view of the fact that both the professional knowledge and the general developmental level of all employees is rapidly rising in our society it is useful to, at this point, take a closer look at the style of leadership propagated by Likert, namely that of influencing through interaction.

Already in 1962 **Likert** arrived, on the basis of much American research carried out since 1945, at the conclusion that there are indeed differences between the heads of departments with high productivity levels and the heads of departments with low productivity levels. What is striking is that according to him the more effective managers are people who deploy all the available scientific management techniques. And, it is not just that they use such techniques in a different way from the less effective managers. It is actually so that, in the first place, they pass these techniques on to the employees themselves so that they can exercise control over their situations. Likert viewed personnel structure as something that is based on groups that merge into each other.

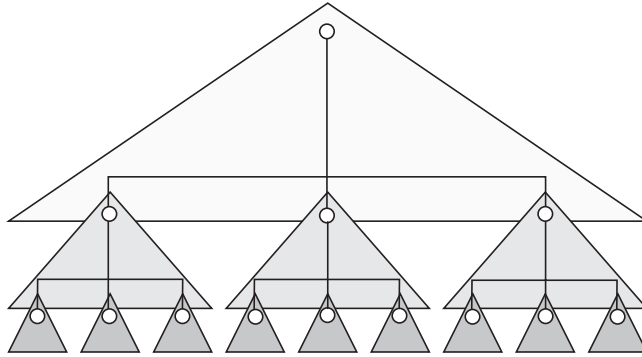


Figure 13.1 The organisational form revealing overlapping groups.

The work groups will vary in size according to the demands of the situation, though in this figure they all happen to consist of 4 persons. Each of these groups therefore consists of a manager and his direct employees. All day long such groups will be in close contact with each other so that the departments can be steered.

Each manager is himself a team member of the group directly above him. This structure gives him the important role of being responsible for the passing on of data and information both in an upward and a downward direction.

One should realise that when a manager fails in this task of *'linking pin'* his entire group and all the groups beneath him will be excluded from the organisation.

This is why it is important that the various employees are also able to obtain information in other ways through a second network. In other words, the survival of the entire organisation may not be allowed to rest on the shoulders of one individual. Hence the reason that it can sometimes also be useful for such discussions to be carried out at levels.

In this pattern of influencing through interaction there are two fundamental organs to be distinguished: the group and the leader. In this connection the following may be said.

13.5.2 The ethics of leadership

In certain professions, such as with physicians, social researchers, advocates and organisation advisors there are formal codes of behaviour that are laid down. However, when it comes to providing leadership there is no such code. Anyone in any position of leadership will therefore be forced to contemplate the ethical norms and values that he personally maintains should underlie his leadership behaviour.

In view of, for instance, the results of the study into compliance (appendix II) this is a weighty question.

13.6 Leadership trends for the 2000-2010 period

Against the background of the already mentioned angles of approach as far as leadership is concerned, the following developments are becoming evident in organisational spheres, notably concerning industrial activities:

- the trend of working in semi-autonomous groups;

- the stimulation of self-learning group set ups;
- the modularisation of organisations into small groups of employees known as ‘Fractals’ that are as independent as possible and which are, in view of the objective, ‘reasonably flexible’.

The angles of approach mentioned relate to placing emphasis upon:

- the exercising of power alongside of authority;
- the style of leadership adopted;
- the aspect connected to leadership;
- the interaction with employees;
- the ethical norms and values of the leaders.

13.6.1 Working in semi-autonomous groups

A marked characteristic of semi-autonomous groups is the fact that they themselves ensure that the agreed to objectives are realised within certain control boundaries. This is something that involves all members of the group. When it comes to working as a group the recognising and agreeing to the power of those who are leaders is very important since that has to do with accepting authority. Here it is the recognition of the expertise of the leader, of rational authority that is very important. What is even more important, though, is that the subordinates agree with the group’s objectives and with the means of exercising authority chosen by the leaders. Here there is evidence of what Lammers termed functional authority.

With regard to the style of leadership, what is important is that everyone within the group is allowed to contribute to the best of his ability. Frequently, various types of expertise coupled with very different characters and talents will be present in any one group. That will require people to ‘listen’ to what others have to say in response to questions arising which, incidentally, is not the same thing as allowing ‘everyone to join in and discuss everything’. Here we can recognise the consultative type of democratic leadership referred to by Likert.

Here also the Law of the Situation as discussed above may be said to hold. The matter of allowing each of the group members ‘to come into their own’ will be something that will perpetually interchange with the kind of leadership provided. In semi-autonomous groups the behaviour of the leaders will demand space for the self-activation of the group members when it comes to organising and the finding of creative solutions. This demands of the leaders a certain amount of social and balanced leadership of the kind referred to by Philipsen. Assisting employees in their self-activation, deploying what Lievegoed calls pedagogical leadership, will also be a recurrent theme. Motivation and the willingness to work together will be predominantly based on the interaction between employer and employees which is where one recognises the theory of, for instance, Likert.

It is rather more difficult, though, to define the relationship between the leaders of semi-autonomous groups and the ethical norms and values of leaders. Authority, confidence and what is termed ‘open communication’ demand things such as integrity, justice and clarity.

13.6.2 *The stimulating of self-learning groups*

The encouraging of groups to become self-learning is something that goes beyond the reaches of the self-directing of a semi-autonomous group. Self-learning means unfolding initiatives, both as regards arriving at the desired achievements and as regards setting up one's own organisation. This is something that demands possibilities for testing and medium-term evaluation in which comparative information drawn from the environment is included. The demands placed on leadership correspond to a large degree to the earlier- sketched situation within semi-autonomous groups. This is also logical in view of the fact that this phase usually precedes the 'learning situation'. Regarding the aspects of leadership, more than ever before there will be pressure upon the leader to go along with and to contribute to the introduction of changes in what is known as dynamic leadership as recognised by Philipsen.

13.6.3 *Working in 'fractals'*

It was particularly **Warnecke** who applied the term 'Fractals' (Berlin 1993) to this organisational form involving working in small flexible groups. In so doing he drew a parallel between the modularising of products and services and he applied this modularisation to the business processes. Depending on the situation, the activities of these small groups are more directed at the basic objectives of the organisation or at specific and short-term goals. The 'Fractals' are involved when it comes to formulating the goals and the policy to be adopted or else the demands which, for a longer or shorter time, are to be placed upon group functioning. The consequences for the leadership of such small groups have not yet been properly thought through. On the one hand it is reminiscent of the phase that supersedes the self-learning group stage. The intention is that the Fractals continue to act as a group in which the objectives frequently change. On the other hand, however, there are certainly similarities to project groups led by a project leader because of the highly result-oriented attitudes of such groups. Neither experience nor theory formation enable us to now make further claims concerning the characteristics of the relevant type of leadership.

13.7 APPENDICES

13.I Communication structure and group effectiveness

13.II Compliance

13.III Law of the situation

13.IV The Ford Story

Appendix 13.1 COMMUNICATION STRUCTURE AND GROUP EFFECTIVENESS

All kinds of research has been done into the relationship between the communication patterns of a group and the results achieved by that same group. It was **Leavitt**, an American social-psychologist who laid the basis for this in the fifties. He experimented with four different structures within groups.

1st the *star structure*

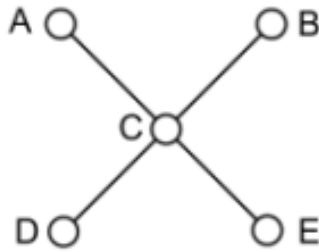


Figure 13.2 The star structure.

During the experiment the group was asked to resolve a problem but they could only communicate with each other by passing on written messages and comments.

With such a star structure the four outermost individuals thus have no way of directly contacting each other since all communication passes through the central person.

2nd the *chain structure*.

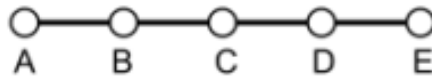


Figure 13.3 The chain structure.

Any message going from A to E obviously has to pass persons B, C and D before it gets to E. These three people not only have the power to add their remarks to A's message but also, if they wish, to even hold it back or send it back. This is something that applies to all 'passing points' in every structure, including the star structure above.

3rd the *circle structure*

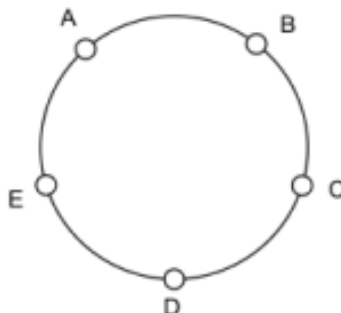


Figure 13.4 The circle structure.

Here everyone can choose between two possible routes when it comes to the matter of communicating with others.

4th the *open circle*

In cases such as this everyone is able to contact every other participant without the intervention of others.

When assessing the results Leavitt examined:

- The accuracy of the solution.
- The number of mistakes made during the decision-making process.
- The number of messages conveyed within the group during the process.
- The unequivocal nature of the messages conveyed in the process.
- The degree to which one individual has a centralising effect in the decision-making process.

With repeated experiments he also examined:

- The work satisfaction of the group members.
- The flexibility of the group.
- The readiness of members of the group to accept suggestions made for change by one of the members.

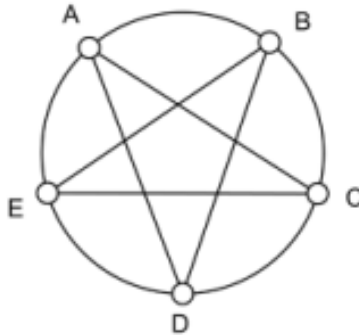


Figure 13.5 The open circle.

The problems needing to be resolved were of an extremely simple nature.

What emerged was that the decision-making process went faster as group members became more familiar with each other. Ultimately the star groups proved to work fastest and to require fewer communications than the chain or circular structured groups. However, work satisfaction was lowest in the star group, with the exception of for the central figure. It was in the star group, though, that the process was clearest while it was most confused in the circle group.

People's acceptance of proposals was much greater in the circular type group than in the star structured group.

From the experiments Leavitt concluded that clear line organisations, such as the star group are more effective than the other forms which are more based on group co-operation and group decision-making but that this certainly does not apply to situations in which the problem is not clearly stated and where there are different possible solutions to ultimately be chosen between.

The social psychologist, **Mulder**, repeated those experiments in the Netherlands using more complex problems. What emerged there was that the circular groups arrived at conclusions faster than the star groups. Mulder presumed that the explanation for this might be found in over-taxing concerning the information processing of the central figure in the star structured group.

Much later on Mulder repeated this same experiment but then while persevering for much longer with the same group.

What emerged was that unlike in the earlier short-lived test cycles, it was the case that in the end the star group also proved to be best at resolving more complex problems. Mulder posited that the reason for this was that experience makes the decision-making structure stronger. That decision-making structure is more centralised in a star group than with a circular group. When obtaining good results it is not only the passing on of messages that counts but also the decision as to exactly *which* messages should be passed on. This is something that slowly grows as the central person gains experience but ultimately it is a more efficient and effective method than that of the circular group with the same amount of experience.

From his second series of experiments Mulder concluded that having a central decision-making point in a group will lead to better and faster results and to less exchanging of messages. Obviously the participation level of those not central to the star process will be lower than for those involved in a circular structure. As soon as the central figures of the star structures become more experienced the number of messages required will diminish and so also the central communication activity.

Mulder maintains that the better the central person is able to integrate the specialised knowledge of the remaining individuals and the more decisions are made centrally, the greater the group's achievements will be. According to Mulder it is the decision-making structure that is a much more important factor than the communication structure for the achievements of the group.

Reference

Botter, Constant H., H. Boer, O.A.M. Fisscher, *Industry and Organisation*, ISBN 9-0267-2033-5, Kluwer, 1994.

Appendix 13.II OBEDIENCE AND DISOBEDIENCE; the Milgram Study

Little research has been done into the extent to which people do or do not obey authority. During the trials of war criminals appeals were often made to the excuse that 'Befehl ist Befehl' (i.e. an order is an order).

But also in much less serious situations it is often quite amazing to witness how people will be likely to obey orders from 'higher up' without giving a second thought to their actions. In 1965 **Stanley Milgram** a psychologist at Yale University in the USA, published the results of a study on this aspect of human behaviour. The results were quite alarming and they should certainly serve to make future leaders think twice about the responsibility that they automatically assume when they accept positions of leadership.

The problem presented by Milgram was this. When X orders Y to hurt Z under what circumstances should Y follow these orders and when should he refuse to comply?

The study was set up in the following way:

X is an academic researcher at Yale University who has called for volunteers to take part in a study into the effect that punishment has on human memory (allegedly!)

Y is one such volunteer.

Z is, as far as Y is concerned, also a volunteer but in reality he is also a researcher at Yale.

The first experiment went as follows:

Both the volunteers X and Z have the idea of the experiment and why it is of scientific interest explained to them in the room of the assignment-giver X at Yale University; indeed little is known about the way in which memory actually works. Of the two volunteers one is to pose as a lecturer and the other as a student. The student is then expected to memorise a series of words and the teacher must test this knowledge. Every time the student makes a mistake the lecturer must punish him.

After that lots are drawn to see who is going to be the student and who will be the teacher. The lots are rigged so that Z (the Yale researcher) is always the student and Y, the real volunteer, always has to be the teacher.

The student is tied to a kind of electric chair connected to a voltage source that goes from 30 to 450 Volts. At every switch point there are clear indications of the degree of pain: mild shock, dangerous etc., right up to the very dangerous and life-threatening shock level.

The giver of the orders, X, instructs the teacher, Y, the real volunteer, to increase the shock level one stage with every new mistake made by the student until the 450 Volt mark is reached.

The experiment commences. Each time the teacher hesitates to increase the shock level the one giving the orders will instruct him to continue in the interests of the study into the effects of punishment upon memory.

The chair is not really 'an electric chair'. The student, Z, then proceeds to make mistakes at the points determined beforehand and reacts accordingly to the 'shock level' which he is able to read with the appropriate reactions from groans at 75 Volts, to begging that the experiment be stopped at 150 Volts, to screaming out in agony at 180 Volts that he can no longer stand the pain and to refusing at 300 Volts to continue with the experiment and give any further answers. The one giving the orders, X, then tells Y, the lecturer, that giving no answer is equivalent to making a mistake which means that the teacher again has to increase the electrical current. He does this by stating: 'You have no alternative, you must continue'.

What is important in this experiment is to see whether the teacher Y at any point refuses to continue. Teachers who refuse to continue, no matter what the electric current level will be called 'disobedient' in this experiment while those who continue to 450 Volts will be called 'obedient'.

In this experiment the influence of two factors was studied:

- a. The distance between the teacher and the student being submitted to pain and
- b. The distance between the teacher and the one giving the orders.

a.

Varying from the teacher being in the same room as the student to the student being in a different room but possible to hear through the door that is ajar and finally to being totally out of sight and hearing in a completely different room.

When both were in the same room there was a further variant in which the teacher could only administer the shock after the student had placed his own hand on a metal plate. If the teacher refused to do that at 150 V then X, the one giving the orders, instructed Y, the teacher, to press down the hand of Z, the student, on the metal plate. There was therefore also physical contact between the teacher and the student.

b.

The distance maintained between the teacher and the assignment-giver was varied from: both being quite close to each other throughout the experiment, to maintaining telephone contact, to simply receiving instructions from a recorded message. Obviously each test person was only confronted with one possible form.

This experiment was carried out with almost a thousand males varying in age from twenty to fifty and drawn from different areas, in other words: 40% were labourers, 40% were office workers and 20% were academics.

It is not surprising that the obedience of the teacher, Y, the test person, appeared to increase as the distance to the student, Z, increased. When the teacher was unable to see or hear his student some 66% of all the teachers continued to the bitter end of 450 Volts. If they were able to hear the student this dropped slightly, to 62%. However when the teacher was also able to see and thus to be seen by the student the obedience level dropped much further, to 40% and when the necessary physical contact was made this fell again to 30%.

What remains astounding is that still one in three people were prepared to go as far as pressing their victim's hand on a metal plate and administering a life-threatening shock. This is comparable with the situation of an artillery man firing at a city or, more at a distance, a pilot bombing a city but also with that of a company director who gives orders to either dismiss 500 people or to allow them to run risks while carrying out a dangerous task.

As far as the distance from the one giving orders went it was only when contact was made by telephone that the obedience rapidly decreased. When the teacher refused to continue upon being instructed by telephone and the one giving the orders subsequently appeared in person it emerged that in many cases the student was then prepared to continue with the higher voltages. Personal presence is thus more compelling. With instructing by telephone a new phenomenon arose which was namely that while the teacher claimed to be increasing the shocks he was not in fact doing that. In other words, the experiment was being sabotaged. By contrast, there were others who continued increasing the shocks to the very highest level while still protesting: 'I don't want to do that'.

During the experiment many of the test people protested. It was clear that people were being put under great stress. There was of course a field of tension between not wanting on the one hand to hurt someone while on the other hand feeling obliged to obey authority. Two-thirds allowed the latter inclination to overrule even though

simply refusing to continue would have instantly dispelled the field of tension in which they were trapped.

One test person who, under loud protest, had continued to the highest shock level reacted in the following way when the real situation was explained to him: 'That's what I thought, I've always said that you can't simply hurt someone else. I was against it from the very start.' In that way he had apparently justified the situation sufficiently for himself to afterwards go away feeling completely at ease with himself.

In the experiments there were no significant differences in the reactions displayed between labourers, office workers and academics. How would you, reader, have behaved if you had found yourself entangled in a similar situation during an experiment carried out at a well-known university? Be quite honest with yourself. Indeed, many people may have doubts about how they might have reacted in such a situation and that is quite a disconcerting thought.

Milgram thought it conceivable that the fact that the experiment was carried out under the auspices of Yale University and on its premises might well have made people more prepared to obey than otherwise. He therefore repeated the experiment outside the university, somewhere in a nearby city in a reasonably respectable office with the name 'Research Associates of Bridgetown', a private research institute hired by a company. As expected the obedience level dropped. At Yale University 66% of all testees had been prepared to go as far as the heaviest shock but in the office situation that was 43%. That was still a substantial percentage for what amounted to an experiment carried out in relatively 'shabby' private enterprise surroundings. There was nobody who alerted the police to what was going on.

Milgram wrote that originally he had expected that no one would venture beyond the 'heavy shock' stage. In the experiment, though, there were many who were prepared to go to the limit of 450 Volt. No tactics designed to halt the test persons helped such as getting the student to admit to having a heart problem or to beg to be allowed to leave the room. That was why the following step was introduced, that of getting the teacher to take the student's hand and force it down on the metal plate. Indeed the very first 'teacher' grasped the student's hand, held it down on the plate and kept it there until the highest shock level was administered.

Even Milgram found the results of this experiment extremely frightening. It must thus be concluded that apparently most people are prepared to hurt others to the extent of even endangering the life of another when ordered to do so by a legitimate authority. The willingness to do this increases as the one giving orders gets closer and the victim is moved further away.

Reference

Milgram, S. Obedience and disobedience to authority, *Human Relations*, Vol. 18, no. 1; 1965

Appendix 13.III THE LAW OF THE SITUATION; LEADERSHIP DURING THE DUTCH FLOOD DISASTER IN FEBRUARY 1953

One of the times when research was done into leadership was shortly after the disaster in Zeeland when a study was led by **Isonovo**. Here we shall reveal just a few examples

extracted from the various reports or conclusions drawn by several of the researchers involved.

The victims of the rapidly flooded polder could only be saved from the dyke. In one place one of the villagers had automatically taken command and had directed others to the various places where they could help or to spots where those saved could be taken to dry land. By chance, the people there got hold of a rowing boat and this self-appointed leader wanted to row the boat, even though he had never done that before. With the rough storm and the many waves that would have been an absolutely irresponsible action and his deed would probably have led to more casualties. At that point another older man became involved and a huge argument ensued.

When this second man asked the leader if he had ever rowed before he had to admit that he had not and so the older man took over the oars. He was able to gather numerous people from the roofs of their houses and ferry them to the dyke. On the dyke the leadership remained in the hands of the original leader but on the water it was the other man, the experienced rower, who was in charge.

In another village a polytechnic civil engineering student happened to be lodging with his parents. There those busy life-saving automatically turned to him in search of advice on the kind of action to be taken and how that should be done. When afterwards asked why they had turned to him for advice they replied: 'Well, he knows all about water!' Obviously then he was viewed as an automatic leader on the grounds of his presumed knowledge and expertise.

When, several months after the disaster, I went to Krainingen while this study was still underway we were able to patrol the polder with the police on foot, albeit in thigh boots. By the afternoon, however, we needed a boat to traverse the same route and we found ourselves rowing level with the first floor of the houses. There was a tidal difference of almost three metres between low and high water in the polder. It was therefore obvious why during the rescue operation it had been especially those people who were particularly familiar with the polder terrain who had come forward as leaders. They could ensure that everyone first went about saving people from the sometimes far apart one-storey houses before rowing to the two storey houses to see if people had been stranded there. In order to carry out such an operation in a storm and when it is pitch dark one needs to have a pretty good knowledge of the terrain.

In many cases the real rescue work was led by individuals who just happened to be on hand and often these were not legal or institutional leaders. Invariably they were busy behind the front lines simply organising the help operations. What they were doing was in fact just as important and necessary but afterwards many people objected to the fact that they had not been perpetually in the front lines. For instance, one burgomaster who had two villages in his administrative area was bitterly criticised. Immediately after the disaster he had established the town council in the village that had not been affected by the flood. On the face of it, that was a logical thing to do but what the villagers objected to was that he was not present in the village that had been flooded. The fact that he would not have been able to do as much useful work there in the aftermath of the disaster was something they did not take into consideration. The villagers simply wanted him to be there, that was all!

In the weeks following the disaster there was often friction between local authorities who reacted to the situation as they had perceived it and to the third line help organisations. The fact that they had made different decisions was partly due to the fact that, unlike the local administrators, they had an overview of the whole disaster area. What also played a part was that they formally based their decisions on their own powers and insight without listening properly to the local administrators.

Within one government department it later became clear that at different levels the various arguments carried different weight.

According to the report it was logical on technical grounds to deal with polder X last of all. The two adjacent and shallower polders could then let their water flow into that other one in a natural way. The pumps would not have to be moved and while X polder was being pumped dry last of all it would be possible to simply, while keeping dry, close of the dykes between the polders and complete the job. This was the quickest way to drain all three polders. The two polders that had been ear-marked to be pumped dry first were hardly built up, they were chiefly agricultural areas. The third X polder, though, was where the village was situated. A regional supervisor from the State Water Department urgently requested that polder X be drained first by first of all repairing the dividing dykes while still wet and then going on to drain the other two polders. In this way the buildings would sustain less damage by being subjected to the falling and rising tides for a shorter period of time. It was also so that the floating carcasses of animals and the human bodies that had not yet been found would be less likely to spread disease. Later a chief engineer was extremely unhappy about this decision because technically the first solution had been the best one. He therefore found that the supervisor's advice had been 'irresponsible'. He maintained that human and emotional arguments should weigh heavier than technical arguments. The chief engineer's reply to that was 'that is not my responsibility'.

Reference

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Studies in Holland, Flood Disaster 1953 I-IV, van Gorcum 1956.

Appendix 13.IV THE FORD STORY

Henry Ford's Attempt To Do Without Managers

Taken from: "The Practice of Management"

Peter F. Drucker - Harper & Row, pp. 111-120, 1955

The basic challenges as well as the basic concepts in managing managers are again best illustrated by an example. And the best example is the story of the Ford Motor Company³.

³ The history of the Ford Motor Company is still to be written, Allan Nevins' *Ford*. (New York: Scribner's, 1954), though definitive, only takes the story up until 1915. But the main facts are common knowledge. We alone bear the responsibility for their interpretation.

There is no story more dramatic than that of the fall of Ford from unparalleled success to near-collapse in fifteen short years; unless it is the equally swift and dramatic revival of the company in the last ten years.

In the early twenties Ford's share of the automobile market had climbed to two thirds. Fifteen years later, by the time World War II started, Ford's market share had fallen to 20%. The Ford Motor Company, being privately owned, publishes no financial figures. But it is widely (though probably mistakenly) believed in the automobile industry that the company did not make a profit, in any one of these fifteen years.

How close the company had come to ruin was shown by the near-panic in the automobile industry when Edsel Ford, Henry Ford's only son, suddenly died during World War II. For almost twenty years everybody in the industry had been saying: "The old man can't last much longer; wait till Edsel takes over." The fact that he died while the old man was still alive forced the industry to face the reality of the Ford situation. And the reality was such that the survival of the company seemed improbable, some people said impossible.

The best indication of the seriousness with which these chances of survival were viewed was a scheme proposed in responsible circles during those days in Detroit. The U.S. Government, it was said, should lend enough money to Studebaker (the fourth largest automobile producer but still less than one sixth the size of Ford) to buy out the Ford family and to take over the company. In this way, and this way alone, Ford would have a chance to survive. Otherwise it was agreed, the company might well have to be nationalized lest its collapse seriously endanger the country's economy and its war effort.

What brought Ford to this crisis? The story of Henry Ford's personal misrule has been told in lurid and not too accurate detail several times. People in American management -if not the public at large- have become familiar with his secret-police methods and his one-man tyranny. What is not understood, however, is that these things were not pathological aberration or senility; though both may have played a part. Fundamental to Henry Ford's misrule was a systematic, deliberate and conscious attempt *to run the billion dollar business without managers*. The secret police that spied on all Ford executives served to inform Henry Ford of any attempt on the part of one of his executives to make a decision. When they seemed to acquire managerial authority or responsibility of their own, they were generally fired. And one of the chief reasons why Harry Bennett, Ford's police chief, rose during these years to almost supreme power in the organization was that he could never be anything but the old man's subordinate and he totally lacked the experience and competence to hold any managerial position.

This refusal to allow anyone to be a manager goes back to the early days of the Ford Motor Company. Even then it had been the old man's practice, for instance, to demote first-line supervisors regularly every few years or so lest they "become uppity" and forget that they owed their job to Mr. Ford's will. Technicians Henry Ford wanted; and he was willing to pay them generously. But management was his personal job as owner. Just as, early in his career, he decided not to share ownership with anybody, he apparently decided not to share management. His executives had to be his personal assistants, doing what he told them to do; they had at most to execute, never to

manage. From this concept followed everything else: the secret police, Ford's fear of a conspiracy against him among his closest associates, his basic insecurity.

The concept of the executive as an extension of the owner and as his delegate has parallels in the development of many institutions. The army-officer started out as the personal vassal of his lord. As late as the eighteenth century, commissions in many European armies were still considered the personal property of the regiment commander, to be sold by him to the highest bidder; and, our military titles -lieutenant especially- recall to this day the origin of officer ship in personal delegation.

Similarly, the public servant was at first his sovereign's delegate if not his body-servant. Louis XI of France, who may have conceived the modern idea of a staff of full-time lay administrators, used the same man as his personal barber, secret-police chief and chief minister. And the ministers of government are "secretaries" to this day.

Henry Ford's concept was not even unique in industry. It was widely held in the early years of the century.

He shared it, for instance, with one of his most distinguished contemporaries: Lenin. It is no coincidence that the early Bolshevik leaders were such fervent admirers of Ford. "Fordism" seemed to offer the key to rapid industrialization in a country lacking in skilled labor. Above all, it seemed to make possible industrialization without management, in which the "owner" represented by the political dictatorship, would control all business decisions while business itself would employ only technicians. That this proved an idle dream early in the first Five Year Plan was among the major causes of the bloody "purge" of the mid-thirties which liquidated practically all industrial managers. And that the successors to the "purged" executives have in turn had to be allowed to become managers, rather than remain mere technicians, represents a defeat of the entire theory of the Communist Revolution. One does not need the gift of prophecy to predict that the emergence of a managerial class insures, over the long run, the downfall of the Communist regime in Russia.

Certainly it was the absence of a management that caused the fall of the Ford Motor Company. Even at its lowest point, just before World War II, it still had a strong distributive and service

organization. The automobile industry believed that Ford's financial resources after fifteen years of losses, were fully equal to those of General Motors, even though Ford sales were hardly more than one third those of General Motors.

But Ford had few managers (except in sales). Most of the good people had either been fired or had left; there was a mass exodus of Ford executives as soon as World War II created job opportunities after ten years of depression. And few of the Ford executives who stayed on were good enough to find other jobs. When the company was revived a few years later, not many of the old-timers were found to be competent to hold a management job much above the lowest.

Rebuilding Ford Management

Whether Ford could have survived at all had there been a postwar depression is debatable. But the company might have collapsed even in the postwar boom had Henry Ford's idea of managing without managers not been reversed radically by his grandson and successor, Henry Ford II. The story of the revival of the Ford Motor Company since 1944 is one of the epics of American business. Many of the details are not known outside the company; it is high time that the whole story was published. But enough is known to make it clear that the key to Ford's revival has been the building and organization of management; just as the stifling and destruction of management had been the key to the earlier decline.

Henry Ford II was in his mid-twenties when responsibility suddenly fell on his shoulders, with his father dead and his grandfather rapidly failing. He had no business experience at all. And there were few executives of stature left in the company to help or guide him.

Yet he obviously understood what the real problem was; for his first act was to establish as basic policy that there would be a real management. Most of the men constituting this management had to be found on the outside. But before he could bring in anyone he had first to clean house. And he had to establish the basic principles on which the company would operate in the future. All this he had to do alone, with his grandfather still alive and his grandfather's bench men still on the job. Only then could he pick new people to help him manage, people who could run their activities themselves, take full responsibility for them and be given full authority over them. In fact, the first appointment, that of Ernest R. Breech as executive vice-president, announced that Breech would have full operating authority. And this concept has been observed in setting up all management jobs throughout the organization.

Management has become management by objectives. Where Ford executives under the old regime were never told anything, the new regime has been trying to supply every manager with the information he needs to do his own job, and with as much information about the company as is feasible. The concept of the executive as a personal delegate of the owner has been replaced by the concept of the manager whose authority is grounded in the objective responsibility of the job. Arbitrary orders have been replaced by performance standards based on objectives and measurements. The greatest change, perhaps, certainly the most visible, is in organization structure. The old Ford Motor Company was rigidly centralized. Not only was all power and decision making in the hands of old Henry Ford; but there was only one set of figures for the whole, complex operation.

The Ford Motor Company owns its own steel mill, for instance. With a capacity of 1.5 million tons a year, it is one of the country's largest. Yet it was an open secret in Detroit that the cost figures of the steel mill disappeared in the over-all cost figures for the company. The mill superintendent for instance, did not know what price the company paid for the coal he used. Purchase contracts under the old regime were usually "top secret".

By contrast Ford today is decentralized into fifteen autonomous divisions, each with its own complete management fully responsible for the performance and results of its business and with full authority to make all decisions to attain these results. The steel mill, incidentally, is among these divisions, along with major automobile-producing divisions like Ford and Mercury-Lincoln parts and equipment divisions and one division in charge of international and export business.

Henry Ford II did not, of course, invent his concepts of management and organization. He took most of them -along with his top managers- from his big competitor, General Motors. They are the concepts on which General Motors was built⁴ and which underlay General Motors' rise to the position of largest manufacturing enterprise in the country. But Henry Ford II is unique in that he started out with a complete set of principles rather than develop them imperceptibly as he went along. His experience is therefore of particular significance as a test of these concepts. Here was a company that seemed headed for almost certain decay, if not ruin, a company without any management, demoralized and leaderless. Ten years later, Ford's share of the market is climbing steadily. It has joined battle with General Motors' Chevrolet car for first place in the automobile market. From being moribund it has become a major growth company. And the miracle -for a miracle it is- has been brought about by a complete change in the principles of the management of managers.

Reference

Drucker, Peter F., *The Practice of Management*, Chapter 10, Harper & Row, 1955.

⁴ For full description of General Motors' management concepts and practice see my book. "The Concept of the Corporation" (New York, John Day, 1946). This book presents the results of a two-year analysis undertaken at the request of General Motors' top management.