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THE ROLE OF TRUST AND LEADERSHIP IN THE GLOBAL MARKETING DRIVEN ORGANIZATION

Abstract: The role of trust and leadership in the global marketing driven organization is discussed in this paper. The author analyzed the essence of trust, levels of trust, performance effects of trust and challenges of trust. Further, the characteristics of leadership is described as well as the essence of leadership. Current challenges facing this topic are analyzed and trends for the near future are indicated. Moreover, the author discusses the main impacts which will drive leadership in the future.

Key words: trust, leadership, levels of trust, characteristics of trust, trust in teams, leadership traits and skills, trends of trust, challenges and barriers of trust.

Introduction

In today's business environment companies have discovered that in order to gain a competitive advantage over its competitors and attract customers it must implement marketing as its core fundament. The company has to ensure that it makes what the customer wants to buy. In the last couple of years however, marketing has seen a shift to sales – ensure the customer buys what the company makes – and more important and significant for marketing, marketers have chosen to focus their efforts on marketing communications rather than integrative activities and consequently marketing is now usually synonymous with marketing communications, e.g. promotion, advertising, direct marketing. In order to return to the market orientation, the state of mind of the company, the organization must realize that certain concepts have to be the grounding pillars on which it stands and is organized.[1] First, Marketing is about customers. Second, all the money that a company generates, comes from the customers. Third, if a client is a happy customer, they might come to us more often and will spend more money. Fourth, if the customers are unhappy, they might take their business elsewhere. Fifth, even if the organization offers the best service or product, clients still can take their business elsewhere. Sixth and most central, if enough customers take their business

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[1] Fifield, P., *Marketing Strategy. The Difference between Marketing and Markets*, 3rd edition, Butterworth-Heinemann, Oxford, 2007.

elsewhere, the danger of bankruptcy is very real for the company. As the company will only survive and exist as long as it satisfies the needs of the customers, it must ensure that its structure is able to deliver these results. The ever changing environment with the increase virtualization and interaction with the customers (e.g. through social media), shorter chains of communication and command as well as an overall structure reflecting various needs of clients (e.g. customization and customerization) leads to new challenges for the marketing driven organization. Two of the most important things with which an organization has to deal with is trust and leadership. The reason is that organizations are about people. Since an organization is a group of people who come together with shared objectives, the agenda of most organizations is to organize the energy of those who work inside the company[2]. In today's marketplace besides external pressures, the internal effects or factors are even more important. To be the market leader or the strong second, companies have to attract and keep their most important asset, their employees. In order to succeed in that confrontation, the organization has to pay attention to two notions: trust and leadership.

The purpose of this paper is to provide an overview of the concept of trust and its implications in the management processes. As trust is playing an important role in different fields, there are various definitions of trust. Moreover, the body of trust research is growing even wider so that many questions relating to it are still not been answered. Trust can not only be referred to people but also organizations as they are made up by them and their networks or relationships. For managerial implications trust plays a very important role in today's business environment as more and more organizations are made up by virtual teams. Moreover, the new barriers and new challenges of the theory and practice of leadership is examined. The current and future impacts on leadership are explored and future trends are revealed which could shape or influence the face of leadership in the next years.

What is trust

Trust is derived from the German word Trost, which means comfort.[3] It has been studied by several disciplines including for example: psychology, sociology, cultural anthropology philosophy, political science, economics or business administration[4]. Further, within these disciplines the research on trust itself changed; e.g. economists turned their view of trust as a traditional hard factor like in corporate structure or production technology to so-called soft factors, which include those belonging to the realm of economic culture[5]. Consequently, the concept of trust has been enhanced and refined in the field of management. The

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[2] Ibid.

[3] Phillips, C., The Trust Deficit: It Started Long Before the Scandals, The Fielding Graduate Institute, 2004.

4 Höhmann, H-H, Welter, F. (eds), *Trust and Entrepreneurship*, Edward Elgar, Cheltenham, UK & Northampton, MA 2005.

[5] Ibid.

reason behind this is the fact that many researchers claim that trust is a critical success factor in relations between organizations[6].

A certain amount of trust is needed as a basic threshold for companies to do business and develop further. Trust can be explored on two levels: one is the measurement focused on people as the carrier of trust (interpersonal) and the other level is concerning organizations or institutions as the carrier of trust (inter-organizational). As recent studies showed trust has got an influence on performance not only on inter-organizational levels but also on interpersonal[7].

In general, trust is reducing transaction costs like management costs (administration costs) or buying costs. It seems that it is the fastest way for informal cooperating to create innovation[8]. Although the concept of trust is known to mankind since the beginning of history, e.g. the story of Adam and Eve in the Old Testament, trusting the 'wrong person', in this case the snake, the theory on trust still develops vividly. Research on that topic is characterized by the huge divergence within it[9].

The essence of trust

As a starting point, the most used and quoted trust definition by researchers in literature is[10]: "a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another." On the other hand, trust is defined as the certainty of the fulfilling of own expectations[11]. The definition of trust can be also the "willingness to be vulnerable to the actions of another party based on the expectation that the other will perform a particular act important to the truster, irrespective of the ability to monitor or control the other party.[12]" This two definitions show that trust can be defined on various levels and is a difficult concept to define[13]. Therefore it is not astonishing that some researchers[14,15,16] have concluded that "the study of trust is problematic

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[6] Ford, D., Gadde, L., Häkansson, H., Lundgren, A., Snehota, I., Turnbull, P., Wilson, D., *Managing business relationships,* John Wiley and Sons, West Sussex, England, 1988.

[7] McEvily, B., Zaheer, A., *Does trust still matter? Research on the role of trust in inter-organizational exchange* in Bachmann, R., Zaheer, A. (eds), Handbook of Trust Research, Edward Elgar, Cheltenham, UK & Northampton, MA 2006.

[8] Miles, R., Snow, C., Miles, G., *The Future Org., "Long Range Planning"*, Elsevier Science Ltd., Vol. 33, 2000.

[9] Blomqvist, K., *The many faces of trust*, Scandinavian Journal of Management, 13, 1997.

[10] Rousseau, D., Sitkin, S., Burt, R., Camerer, C., *Not so different after all: A cross-discipline view of trust*, Academy of Management Review. 23(3), 1998.

[11] Ring, P., Van de Ven, A., *Developmental Processes of Cooperative interorganizational relationships*, Academy of Management Review, vol.19, no. 1, pp.90-118, January 1994.

[12] Mayer, R., Davis, J., Schoormann, F., *An Integrative Model of Organizational Trust*, Academy of Management Journal, Vol.38, No.3, pp. 24-59, 1995.

[13] McNeish, J., Mann, I., *Knowledge Sharing and Trust in Organizations,* The IUP Journal of Knowledge Management, Vol. VIII, Nos. 1 & 2, 2010.

[14] Mayer, R., Davis, J., Schoormann, F., *An Integrative Model of Organizational Trust*, Academy of Management Journal, Vol.38, No.3, pp. 24-59, 1995.

with respect to the definition of trust itself; lacks clarity in defining the relationship between risk and trust; and confuses antecedents and outcomes of trust."

Arriving from these definitions trust in a simpler way is the belief that somebody, something (in this case i.e. organizations, companies, people etc.) wants something good for us, meaning will not harm me/us or exploit me/us if such a chance exists[17]. Trust is hence a valuable asset which needs a long-term investment of time as well as goodwill from both sides. Goodwill in this case is the perception that a counterpart has positive intentions and motives[18]. Within the context of a relationship, it manages to strengthen a relationship and the relationship in turn, slowly one by one, provides more reason to trust.

On the other hand, trust is very fragile as in some cases even little things like misunderstandings, not to mention bigger trust destroyers like lies or breaches of contracts, can wipe out every link or bondage based on trust. This resulting distrust is hard to rebuild into a functioning trust relationship again. Trust is the relation between two subjects, one of them is in the role of the trustee (mostly being the buyer or a client), whereas the other (the seller or offerer) is the subject of trust (trustor). Trust is an extremely complex occurrence. This is supported by the tries of defining it. Usually they are soft and not very clear. Trust can be "a reliance"[19], "a state"[20] or "willingness to be vulnerable"[21]. Mostly researcher conducting research on trust combine it with other concepts like networks, compensation, virtual teams, negotiations or knowledge sharing.

Trust is the basic factor of all transactions. But "Trust is never something 'already at hand,' it is always a matter of human effort. It can and often must be conscientiously created, not simply taken for granted.[22]"

Mostly it is recognized as a capital of knowledge. It is especially used in relations, where it is strengthen the co-working and can improve the quality and quantity at the beginning of personnel interactions and later in business transactions[23]. The capital which involves trust is derived from the relations

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[15] Rousseau, D., Sitkin, S., Burt, R., Camerer, C., *Not so different after all: A cross-discipline view of trust*, Academy of Management Review. 23(3), 1998.

[16] Hardin, R., Chapter One: Conceptions and Explanations of Trust, in Cook, K. (ed.),*Trust in Society,* Russell Sage Foundation, New York, 2001.

[17] Cook, K., *The limits of trust. How institutions take up where trust leaves off*, The Focus, vol. XII/1, pp. 49-51.

[18] Ring, P., Van de Ven, A., *Developmental Processes of Cooperative interorganizational relationships,* Academy of Management Review, vol.19, no. 1, pp.90-118, January 1994.

[19] Hurley, R., *The Decision to Trust*, Harvard Business Review. September 2006.

[20] Ring, P., Van de Ven, A., *Developmental Processes of Cooperative interorganizational relationships,* Academy of Management Review, vol.19, no. 1, pp.90-118, January 1994.

[21] Mayer, R., Davis, J., Schoormann, F., *An Integrative Model of Organizational Trust,* Academy of Management Journal, Vol.38, No.3, pp. 24-59, 1995.

[22] Solomon, R., Flores, F., *Building Trust in Business, Politics, Relationships and Life,* Oxford University Press, Oxford, 2001.

[23] Grudzewski, W., Hejduk, I., Sankowska, A., Wańtuchowicz, M., *Zarządzanie zaufaniem w organizacjach wirtualnych*, Difin, Warsaw, 2007.

between subjects, workers, organizations, groups, societies, regions or even nations[24]. Its main aim is to obtain positive results. Trust inspires the building of innovations and education. It realizes co-operation, decision making, helps to build an atmosphere of openness and transparency, motivates people and improves communication[25]. Consequently, many researchers see trust as something very valuable not only to people but also companies. For that reason, trust is seen as a capital like fixed assets. Trust capital is unique. It cannot be stated that it is the subject of trade as it is mostly the result of earlier experiences. However, it can play the role of a stable competitive advantage[26]. Accordingly, trust can be included in the strategic resources of an organization[27].

Trust is based on three components which are: honesty, predictability, and faith[28]. In management or business situations a partner (i.e. client or if you consider the other side of the relation the trustor) should act in the best intentions for the second person or company. Beside these three core components additionally two more can be added: credibility and goodwill[29]. On the other hand[30,31], trust involves choice, uncertainty, and the acceptance of vulnerability.

Levels of trust

In the first definitions of trust the main theme is the confidence in human being and in general in man-kind (global trust)[32,33]. However, in newer research the concentration lies on trust in specific relationships[34]. The build-up of trust is an

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[24] Rudzewicz, A., *Zaufanie - przegląd koncepcji,* in Garbarski L., Tkaczyk J. (eds), Kontrowersje wokół marketingu w Polsce. Niepewność i zaufanie a zachowania nabywców, Akademia Leona Koźmińskiego i Wydawnictwa Akademickie i Profesjonalne, Warsaw, 2009.

[25] Ibid.

[26] Grudzewski, W., Hejduk, I., Sankowska, A., Wańtuchowicz, M., *Zarządzanie zaufaniem w organizacjach wirtualnych*, Difin, Warsaw, 2007.

[27] Rudzewicz, A., *Zaufanie - przegląd koncepcji,* in Garbarski L., Tkaczyk J. (eds), Kontrowersje wokół marketingu w Polsce. Niepewność i zaufanie a zachowania nabywców, Akademia Leona Koźmińskiego i Wydawnictwa Akademickie i Profesjonalne, Warsaw, 2009.

[28] Ibid.

[29] Ganesan, S., *Determinant of long-term orientation in buyer – seller relationships*, Journal of Marketing, vol. 58,pp.1-19, April 1994.

[30] Das, T., Teng, B., *Trust, Control, and Risk in Strategic Alliances: An Integrated Framework*, Organization Studies, 22 (2), pp. 251-283, 2001.

[31] Mayer, R., Davis, J., Schoormann, F., *An Integrative Model of Organizational Trust,* Academy of Management Journal, Vol.38, No.3, pp. 24-59, 1995.

[32] Deutsch, M., *Trust and suspicion*, Conflict resolution, vol. 2, pp. 265-279, 1958.

[33] Rotter, J., *A new scale for the measurement of interpersonal trust*, Journal of Personality, vol. 35, pp. 651-665, 1967.

[34] Rempel, J., Holmes, J., Zanna, M., *Trust in close relationships*, Journal of Personality and Social Psychology, vol. 49, pp. 95-112, 1985.

organic process, happening in time by a series of interactions. There are three requirements regarding the construction of relations based on trust[35]:

— the perception of sympathy and benevolent attitude from the other side/subject.

— the perception of competency.

— the strengthening of actions in time leading to reliability of actions.

There are four[36] elements of trust. These are simple, naïve, blind and authentic. Simple trust is the unreflective innocent trust of a small child with no concept of betrayal. Naïve trust can be found in friendships and romantic relationships. Its duration is dependent on the interaction (if it is friendship, love etc.). Blind trust can be found towards the boss, politician or priest. This kind of trust is self-deceptive without any evidence of betrayals. The last element of trust, authentic, is reflective and honest, the mature trusting relationship. It is an continuing process, a relationship that incorporate also the concept of distrust. Consequently, authentic trust can be built, rebuild and negotiated. To sum up:[37] "Simple trust is unreflective. Blind trust is self-deceptive. Authentic trust is both reflective and honest with itself and others. All forms of trust involve counting on other people, and, as such, they all are vulnerable to betrayal. But whereas simple and blind trust experience betrayal as earth-shattering, betrayal is neither surprising nor devastating to authentic trust. All trust involves vulnerability and risk, and nothing would count as trust if there were no possibility of betrayal. But whereas simple trust is devoid of distrust, and blind trust denies the very possibility of distrust, authentic trust is articulated in such a way that it must recognize the possibilities for betrayal and disappointment. It has taken into account the arguments for distrust, but has nevertheless resolved itself on the side of trust. Authentic trust is thus complex, and it is anything but naive. Authentic trust is not opposed to distrust so much as it is in a continuing dialectic with it, trust and distrust defining each other in terms of the other."

On the other hand, trust can be divided into two dimensions[38]. One dimension is the goodwill trust, the faith in each other, in each other good intensions and each other integrity. The second dimension is the competence trust, the sense of confidence that the partner is capable of accomplishing the given tasks in a partnership or alliance.

In the constant and fast changing environments in which organizations operate, the construction of authentic trust is the key part in the development of the

[35] Rudzewicz, A., *Zaufanie - przegląd koncepcji,* in Garbarski L., Tkaczyk J. (eds), Kontrowersje wokół marketingu w Polsce. Niepewność i zaufanie a zachowania nabywców, Akademia Leona Koźmińskiego i Wydawnictwa Akademickie i Profesjonalne, Warsaw, 2009.

[36] Solomon, R., Flores, F., *Building Trust in Business, Politics, Relationships and Life,* Oxford University Press, Oxford, 2001.

[37] Ibid.

[38] Das, T., Teng, B., *Trust, Control, and Risk in Strategic Alliances: An Integrated Framework,* Organization Studies, 22 (2), pp. 251-283, 2001.

organization. As the change and adaption of companies occurs in a social system, humans have to be willing to interact and communicate[39]. This kind of interaction can only proceed if there is a minimum of trust present that is enabling the needed communication, coordination and cooperation[40]. As the globalization of companies is increasing more than ever, developing and maintaining trust, even on various levels of the organization, is becoming crucial and in the end will dictate the future success and challenges of many firms[41].

Characteristics of trust

"A natural and common account of trust is that certain people are trust worthy and can therefore be trusted.[42]" This observation implements three important ideas[43]. First, trust is selective: people only trust certain ones, not everybody. Second, trust is reasonable: people look for suitable reasons and validate each other trustworthiness before deciding to trust or not to trust. On the other hand, it is difficult for people to change and revisit their decision of trust when once made[44]. Just take a look at Wall Street and investors are trusting again investment banks which had to be bailed out by the American government only two years ago. And third, trust is decisive which means that step after step a certain state of expectation is reached from where performing actions require and face consequences.

Furthermore, trust can be characterized into thick and thin trust. A thick trust relation exists between husband and wife and a thin trust relation exist between a customer and a brand (so-called brand loyalty). Also it depends on who you are trusting and for what reason[45]. For example, somebody can trust somebody else with his/ her wallet but not with his or her child or car[46]. This kind of trust view is defined as relational trust[47].

Performance effects of trust

Research explored the relationship between performance and trust concerning the inter-organizational exchange[48]. On their model of linking trust to performance,

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[39] Dervitsiotis, K., *Building Trust for Excellence in Performance and Adaptation to Change,* Total Quality Management, Vol. 17, No. 7, pp. 795-810, September 2006.

[40] Ibid.

[41] Ibid.

[42] Hardin, R., Chapter One: Conceptions and Explanations of Trust, in Cook, K. (ed.),*Trust in Society,* Russell Sage Foundation, New York, 2001.

[43] Möllering, G., *Trust: Reason, Routine, Reflexivity*, Elsevier, Kidlington, Oxford, 2006.

[44] Kramer, R., *Rethinking Trust*, Harvard Business Review, June 2009.

[45] Cook, K., *The limits of trust. How institutions take up where trust leaves off*, The Focus, vol. XII/1, pp. 49-51.

[46] Ibid.

[47] Ibid.

[48] Zaheer, A., McEvily, B., Perrone, V., *Does trust matter? Exploring the effects of interorganizational and interpersonal trust on performance*, Organization Science, 9(2), pp. 141-159, 1998.

a new model emerged, expanding the previous one in three significant ways[49]: mediators, moderators, and dimensionality. First, there is a mediator in the center between trust and performance. Research regards transaction costs as one of the mediators. Transaction costs include negotiations and conflict[50]. These transaction costs are including ex ante (search and contracting) and ex post (monitoring and enforcement) components. Another device by which trust is influencing performance is relational governance. This mechanism also referred as bilateral governance is a method of organizing exchange that involves the integration of various activities like decision making, planning and problem solving across the relationship in order to reduce transaction costs[51]. As a range of research showed[52,53] relational governance is positively by the bilateral governance instruments of shared/joint planning and mutual adjustment, whereas trust is positively associated with joint responsibility and joint problem solving/resolution of disagreements. The last point in the field of mediators is transaction value. Based on research[54] it has been suggested that through enhancement of transaction value, trust is being the result and therefore improved performance. Further, trust might facilitate the cooperation in the exploration of new information and coordination technologies, new market opportunities or product and process innovation[55].

The second major way how trust is influencing performance is by conditions (organizational and economic characteristics). They are called moderators as they moderate the effect of trust on performance[56]. Research has identified and studied three moderators: performance-enhancing conditions that further strengthen the positive effect of trust on performance (like information-processing abilities and relational risk and interdependence), performance-diminishing contingencies that reduce the effect of trust on performance (for example relationship learning), and

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[49] McEvily, B., Zaheer, A., *Does trust still matter? Research on the role of trust in inter-organizational exchange* in Bachmann, R., Zaheer, A. (eds), Handbook of Trust Research, Edward Elgar, Cheltenham, UK & Northampton, MA 2006.
[50] Ibid.
[51] Ibid.
[52] Johnston, D., McCutcheon, D., Stuart, F., Kerwood, H., *Effects of supplier trust on performance of cooperative supplier relationships*, Journal of Operations Management, 22(1), pp. 23-38, 2004.
[53] Claro, D., Hagelaar, G., Omta, O., *The determinants of relational governance and performance: How to manage business relationships?,* Industrial Marketing Management, 32(8), pp. 703-716, 2003.
[54] Zajac, E., Olsen, C., *From transaction cost to transaction value analysis: Implications for the study of interorganizational strategies*, Journal of Management Studies, 30(1), pp. 131-145, 1993.
[55] McEvily, B., Zaheer, A., *Does trust still matter? Research on the role of trust in inter-organizational exchange* in Bachmann, R., Zaheer, A. (eds), Handbook of Trust Research, Edward Elgar, Cheltenham, UK & Northampton, MA 2006.
[56] Ibid.

factors that can either substitute or complement trust's effect on performance, e.g. contractual safeguards[57].

The third key way is expanding the dimensionality of performance outcomes: satisfaction – goal attainment, task performance, performance objective, impact – continuity, completion time and financial outcomes – return on investment, sales per asset, return on assets, sales growth – and trust.

Key concepts and challenges

In today's business environment network's are the source of competitive advantages. As in team sports the final outcome of a game does not depend on one player but on the strength of the entire team[58]. The best network will win. But what holds the network together? Of course, information technology is essential and fluid and matrix styled organizations need advanced information technology. But the heart of the network consists of human judgment, human relationships and most important, trust[59]. Relationships and trust are essential as they can resolve difficult situations in a few minutes or phone calls which otherwise could tied up a situation for months or years. They are the glue that binds loose networks and make them work smoothly[60]. For that reason, trust can even explain the persistence of the physical interactions in the online world (as for example blogs) as this technology does not require this kind of interaction[61]. To smooth out bumps and to deal with the ever increasing complexity of modern networks, trust is in the center and will stand there.

Trust in teams

As globalization and the increasing connectivity of organizations over various regions or even continents continues, the needs for virtual teams and their managing has also increased the requirements towards trust especially in virtual teams, where no face-to-face contact happens. Problems occurring from cultural or language differences become magnified, and mistakes can be hidden easier when the communication process takes only place over phone, e-mail or teleconference[62]. Therefore, mistakes and mix-ups can quickly become catastrophes if the team can not deal or face them straight up openly. As such problems are not inevitable, team leaders have to keep in mind that one critical element can manage and hold the whole team together: trust[63]. As research by the Conference Board on the challenges of offshoring found out, one of the most critical elements required for successful collaboration between offshore and onshore teams is trust.

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[57] Ibid.

[58] Fung, V., Fung, W., Wind, Y., *Competing in a Flat World,* Wharton School Publishing, Upper Saddle River, NJ, 2007.

[59] Ibid.

[60] Ibid.

[61] Ibid.

[62] Ross, J., *Trust Makes the Team Go'Round*, Harvard Management Update, June 2006.

[63] Ibid.

The reason behind the fact that trust plays such an important role is that effective communication, goal attainment and service attainment can only happen in an atmosphere of trust[64]. But to effectively manage and implement trust in the team management process, several key steps have to be taken into consideration. First of all, even a small amount of face-to-face time (for example kick-off meeting or eating lunch together) will not only help to strengthen the working relationships but is critical for establishing a trusting and well-working relationship[65]. If such a meeting is not possible, it is suggested to create a 'yearbook' (i.e. a booklet including pictures and brief paragraphs about each team member) as "the more we know about somebody, the more we are willing to let them engage in a wide range of behaviors before dismissing them"[66].

The second step involves setting clear goals and expectations which are the fundament of building and maintaining trust. Arguments and fights can occur but only about minor issues which will not lead that team members are losing the goals of the project out of sight[67]. The third point in establishing trust in virtual teams is to make the work of the team visible. This could be a web-based program as the consulting company Accenture has implemented, where every week the weekly performance is documented. The fourth important thing in establishing a trust concerned relationship in teams is giving feedback, good as well as bad one. Here could even a short e-mail or call could open up discussions or face bad situations quicker. Especially in companies or teams where there is a lack of trust this kind of reinforcement is very important[68]. The next point to create trust is to provide information about the competency of every team member to every team member. If the team members can trust themselves on a work-based level, they will also trust themselves on a personal level. The last point is dealing with cultural differences and if they are not addressed and understood, it is very easy to dismiss ideas and distrust a colleague[69]. The information technology firm Hewlett-Packard for example, has applied an ice-breaker at the beginning of every meeting. In this warm-up period every participant is telling a short recent anecdote so that every member (especially the non-native English speaker) can get comfortable.

In contrast, the concept of contractual trust that states that people will do what they say due to the mutual understanding of being in a relationship[70]. In order to reach this level of trust the team leaders/managers have to establish certain boundaries and behaviors. They are for example explicit expectations concerning

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[64] Ibid.

[65] Ibid.

[66] Ibid.

[67] Ibid.

[68] Ibid.

[69] Ibid.

[70] Reina, D., Reina, M., *Trust & Betrayal in the Workplace: Building Effective Relationships in Your Organization,* 2nd edition, Berrett-Koehler Publisher, San Francisco, California, 2006.

the work that has to be done as well as basic things like being consistent following a strategy or keeping agreements.

Practical Ways of Managing Trust

As research[71] has indicated, most managers do not trust their leaders. The same applies to main street where the majority of people agree with the statement that "I just don't know who to trust anymore.[72]" This is a bad sign as a distrustful environment can lead to expensive and occasionally lethal problems. This point is visible by the reactions and behaviors of the public when again a scandal rocks the business world (e.g. Enron, WorldCom, Bernard Madoff's ponzi scheme etc.). It is not astonishing that a high-trust working environment is characterized by fun, supportive, motivating, productive or comfortable[73]. Therefore, companies trying to foster a trusting culture can have a huge advantage in the war for talent. Who wants to work in a stressful and distrusting environment when he/she can work in a trusting one. But how to implement such high-trust working environment in a company? If risk tolerance is low, trust can be build by spending more time explaining and exploring options and risk[74]. The offer of a kind of safety net and evaluating work regardless of the outcome is a good way of managing trust. Further, it takes time to build trust with somebody. Failures should not be corrected by harsh discipline rather by coaching[75]. Another trust builder is to provide choices when possible and avoid being coercive. All decisions from above should be explained how they serve organizational interests. Moreover, trust is being established when the number of similarities and things in common is high. Consequently, emphasize should be laid on values, memberships and 'we' instead of 'I'. Again capability is mentioned. In addition, it can be mentioned that incompetence can be turned into trust by delegating or sharing the responsibility of these areas[76]. Yet again the level of communication is emphasized, especially the frequency and candor. This can be even deepened by going out to lunch together or playing golf[77].

What is leadership

The concept leadership has been widely analyzed, discussed and researched however, it still remains a vague and rather cloudy concept[78,79]. The topic is not only one of the most important in management education (it can be found on many business school's curricula) but is also fundamental for the practice of management

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[71] Hurley, R., *The Decision to Trust*, Harvard Business Review. September 2006.

[72] Ibid.

[73] Ibid.

[74] Ibid.

[75] Ibid.

[76] Ibid.

[77] Ibid.

[78] Doh, J., 2003. *Can Leadership be taught? Perspectives from management educators.* Academy of Managemental Learning and Education. Vol. 2 No.1, pp. 54-67, 2003.

[79] Rosenbach, W., *The essence of leadership*. Management, April, pp. 18-20, 2003.

(the reason behind the publishing of plenty of bestselling books about this topic)[80]. It can be traced back to the thinking of Heraclites, Plato, Aristotle or Machiavelli[81]. In these earlier conducts, leadership was all about gaining and maintaining power. Today in most organizations the system is simultaneously made of conflict and cooperation where the leader must handle both[82]. Especially now where more and more activities are carried out by teams or groups (source of most conflicts), it is important not only to understand how teams are working but even more how to be a leader so that the team can perform up to its capabilities. Although in academia and in research there is the argument that leadership has got its roots partly in genetics or in ones early childhood experience, the key assumption prevailing is that a human being is able by learning and personal growth to increase his or her individual leadership skills. The events taking place in the last decade involving corporate scandals like Enron, WorldCom or personal failures (of politicians, movie stars, or sport stars) have caused many questions what good leadership is and what can be done to improve it. Even though this topic has been in the spotlight for years and is seen as an important part of the management discipline, there are still a lot of barriers which leadership is facing.

"Four decades of research on leadership have produced a bewildering mass of findings […]. It is difficult to know what, if anything, has been convincingly demonstrated by replicated research. The endless accumulation of empirical data has not produced an integrated understand of leadership.[83]" Therefore, as the quantity of leadership research has mushroomed, one can still doubt whether the theory of leadership is lacking of clarity and consensus about the fundamental question what is a leader or leadership[84]. For that reason the below described definitions are representing just a small sample of contributions to the wide topic leadership.

Concept of leadership

Leadership has been defined through the years by various people or organizations according to their needs, personal experiences or contexts[85]. One of the definitions of leadership is derived from an authoritative source in research and theory on this topic, the Handbook of Leadership[86]: "[…] an interaction between

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[80] Augier, M., Teece, D., *Reflections on (Schumpeterian) Leadership: A Report on a Seminar on Leadership and Management Education*, California Management Review, vol. 47, no.2 Winter 2005.

[81] Ibid.

[82] Ibid,

[83] Stogdill, R., *Handbook of Leadership*, The Free Press, 1974.

[84] Augier, M., Teece, D., *Reflections on (Schumpeterian) Leadership: A Report on a Seminar on Leadership and Management Education*, California Management Review, vol. 47, no.2 Winter 2005.

[85] Rosenbach, W., *The essence of leadership*. Management, April, pp. 18-20, 2003.

[86] Elmuti, D., Minnis, W., Abede, M., *Does Education have a role in developing leadership skills? in Rausch,* E. (ed.) Leadership Debate. Emerald Group Publishing Limited. Vol. 43 No. 7/8 2005.

members of a group. Leaders are agents of change; persons whose acts affect other people's acts affect them". Leadership occurs when one group member modifies the motivation or competencies of others in the group[87].

Leadership is a better way paying respect to the reciprocal approach where a leader is not only influencing the followers but he is also influenced by them: "[…] a process of the leader and followers engaging in reciprocal influence to achieve a shared purpose. It is all about getting people to work together to make things happen that might not otherwise occur, or to prevent things from happening that world ordinarily take place"[88].

Leaders come in every size, can pop out from nowhere or can build on their experience. Responsibilities of a leader in business terms are best defined by[89]: responsible for the overall organizational effectiveness by means of efficiency, production, flexibility, quality, competitiveness or organizational behaviour. The people who are at the receiving end of the leadership process (i.e. following the leader) are defined by as: "The followers are people who perform under the guidance and instructions of a leader.[90]"

Leadership traits and skills

In terms of personal capabilities the leader must posses some skills which normally would not be described as crucial leadership skills but research showed that they are important like[91]: technical as well product knowledge (meaning the leaders understand not only the technological side of the business they are in but also what the firm is actually producing and e.g. why they have a competitive advantage here), problem analysis and problem-solving skills, professional skills (concerning memos, presentations or work style), innovation (fresh outlook and ability to shaken things up or to think outside the box) and have the initiative to step up when needed.

These aspects are compromised into the so-called "three faces of leadership": manager, artist, and priest[92]. The authors define and compare these three "faces" along the parameters of core competencies, how they help others developed certain traits, their psychic domain, their type of vision, their origin of influence and power and their heroic ideal. Business leaders will not succeed when they are not revealing all three faces as they are complementing each other in a superb way. These facets are not only revealed in actions by CEO's but appear by storytelling, mythmaking, values, or visions[93].

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[87] Gibson, J., Donnelly, J., Ivancevich, J., Konopaske, R., *Organizations: Behavior, Structure and Processes,* McGraw-Hill/Irwin, 2003.
[88] Rosenbach, W., *The essence of leadership*. Management, April, pp. 18-20, 2003.
[89] Gibson, J., Donnelly, J., Ivancevich, J., Konopaske, R., *Organizations: Behavior, Structure and Processes,* McGraw-Hill/Irwin, 2003.
[90] Pierce, J., *Leaders & the leadership process,* 5th edition, McGraw-Hill, 2008.
[91] Zenger, J., Folkman, J., *The handbook for leaders*, McGraw-Hill, 2003.
[92] Kozminski, A., Hatch, M., Kostera, M, *The Three Faces of Leadership: Manager, Artist, Priest,* Oxford: Blackwell Publishing, 2005.
[93] Ibid.

Other authors are also using the concept of the three faces of leadership, stating them as the demagogue, the manager, and the mediator[94].

On the other hand, certain generic leadership traits which are the most important ones are[95]: enthusiasm, integrity, toughness, fairness, warmth, humility and confidence.

Then again the late Peter Drucker writes that leadership is not about having the charisma or specific leadership qualities or leadership personality[96]. In his opinion leadership is only about action – the act of defining and communicating vision and setting goals and priorities[97]. Leadership has to be seen as a responsibility rather than a privilege or rank. Energies and vision have to be created. But above all, Drucker is placing trust[98]: "To trust a leader, it is not necessary to like him. Nor is it necessary to agree with him. Trust is the conviction that the leader means what he says, it is a belief in something very-old fashioned, called 'integrity'. A leader's actions and a leader's professed beliefs must be congruent, or at least compatible. Effective leadership – and again this is very old wisdom – is not based on being clever; it is based primarily on being consistent".

By comparing only these three insights what a good leader is or should posses, it is visible that the authors state some common character traits or skills, however most of them differ significantly. The reason for this is that they are coming from various cultural backgrounds and therefore weigh different character traits or skills as important for a leader. Not all followers have the same beliefs or value orientations[99][100][101]. As leadership is a function of interaction between the leader and follower it is important to understand the reason why diverse cultures need 'different' leaders[102]. To illuminate the importance of culture-imposed values, demands or expectations a short excursion to the works of cross-cultural researchers Hofstede, Trompenaars and Hampden-Turner will follow.

In the early 1970s, Geert Hofstede carried out a major systematic study of work-related attitudes based on two questionnaires of IBM employees from over 70 countries[103]. He and his colleagues discovered on the basis of the surveys that although the respondents were working for the same company, in the same type of

[94] Gerzon, M., *Leading through Conflict,* Harvard Business School Press, 2006.

[95] Adair, J. *Concise Adair on Leadership,* Thorogood Publishing, 2003.

[96] Drucker, P., *Managing for the Future,* Butterworth-Heinemann, 1992.

[97] Kermally, S., *Gurus on People Management,* Thorogood Publishing, 2005.

[98] Ibid.

[99] Hofstede, G., *Cultural Consequences: International Differences in Work-related Values,* Sage, 1980.

[100] Dorfman, P., Hibino, S., Lee, J., Tate, U., Bautista, A., Leadership in Western and Asian Countries, in Pierce, J. & Newstrom, J. (eds..), *Leaders & the Leadership Process,* McGraw-Hill, 2008.

[101] Zagorsek, H., Jaklic, M., Stough, S., *Comparing Leadership Practices Between the United States, Nigeria, and Slovenia: Does Culture Matter?,* in Pierce, J. & Newstrom, J. (eds..), Leaders & the Leadership Process, McGraw-Hill, 2008.

[102] Pierce, J., *Leaders & the leadership process,* 5th edition, McGraw-Hill, 2008.

[103] Pugh, D., Hickson, D., *Great writers on Organizations,* Ashgate Publishing, 2007.

job function, four basic cultural difference dimensions were visible: power distance, uncertainty avoidance, individualism, and masculinity. Some of them could be used to explain what does it mean to be a good leader given in a certain country. Power distance is a dimension measuring how close or how distant subordinates feel from their superiors[104]. For example in a high power distance culture (e.g. India or France) being the person in charge means exerting power and accepting inequality. As a result, employees are reluctant to express disagreement with their boss and prefer working for managers who are taking the responsibility and calling the shots. Hence business leaders in such a culture will preferably have such traits as toughness and huge confidence and self-esteem, with the intention that they are telling the subordinates simply what and how to do it. Conversely in a low power distance culture (for example the Scandinavian countries) subordinates and superiors are considering each other more of a colleague and are seldom afraid to disagree and expected to be consulted before decisions[105]. Here other characteristics will be valued as leadership worthy.

Trompenaars and Hampden-Turner in contrast have developed a model of culture along seven dimensions[106]. One of them is the orientation of neutral versus emotional. Italians for example show their feelings where others hide them, such as the Japanese. Leaders will have to react or show other skills in such emotional countries then in neutral ones.

Current barriers and challenges

There is no magic formula or approach that gives the device for designing the prototypic manager for the next decade but there are a wide range of various developments that a leader may need to manage in his or her institution, department or group[107]. As business is entering an era of flatter, wider networked organizations and cross-cutting teams of knowledge workers more challenges or barriers are arising for a leader or the environment of leadership[108]. Not only CEO's are faced by this new situation but also business schools around the world. Thus there are current challenges for leadership, researchers also tried to come up with predictions how the nature of leadership will look like in the next half century[109].

Nature of leadership and trends in the next half century – Limiting the talent pool

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[104] Ibid.

[105] Ibid.

[106] Trompenaars, F., Hampden-Turner, C., *Riding the waves of culture: understanding cultural diversity in business*, Nicholas Brealy, 1997.

[107] Cooper, C. (ed.), *Leadership and Management in the 21st Century,* Oxford University Press, 2005.

[108] Kellerman, B., *What Every Leader Needs to Know About Followers*, Harvard Business Review, December 2007.

[109] Hill, L., *Where Will We Find Tomorrow's Leaders,* Harvard Business Review, January 2008.

Leadership will be defined by two notions in the next half century: leading from behind and leadership as collective genius[110]. As the term leading from behind could be misleading at the first sight it means really that the leader is someone who understands how to create a culture or environment in which other people are not only willed but also able to lead[111]. Moreover, this statement could be symbolized in the image of a shepherd behind his flock, making sure that somebody from the herd (i.e. group) will step forward when necessary to move the whole group in the right direction. This position of a shepherd is also implementing that the leader is not only controlling the flow of his or her herd (direction, speed, breaks etc.) but as well that the herd is staying together (i.e. working together), developing the cast of talents or smoothing out the tensions among the group itself[112]. Nevertheless, there is a high risk involved in this strategy not only for the leader her/himself but also for the company: even if the leader from behind is capable of 'leading from the front' his or her actions could be overshadowed or even overlooked by the events of the high profile leader. Consequently, when a firm is looking for people for their high-potential leadership program, mostly such 'behind' people are overlooked or not considered[113].

This is leading to a natural limited talent pool which the following point will expand further by giving new insights into a long known problem, the glass ceiling. The term glass ceiling was first used in a 1986 Wall Street Journal article by Carol Hymowitz and Timothy Schellhardt[114]. This metaphor was set to capture the frustration of women who were getting within sight of her goal (i.e. CEO, Head of a Department, Dean etc.) but it was somehow unattainable. This image could be now attributed to other minorities, too. However, due to changes in the law against discrimination and setting up strict quotas in some countries concerning the ratio of women to men employed, it is rather a labyrinth then a glass ceiling when coming to women and professional endeavor[115]. The reason for this change is that a women is able to reach the middle of the labyrinth (her dream position) but only after twists, indirect ways or turns. These obstacles at each level lead to the scarcity at the top of the pyramid. The labyrinth recognizes obstacles but in the end it is not discouraging[116].

Reasons for a harder road to the top are for example that marriage and parenthood are linked to a higher salary but only for men and that males (especially white ones) are already a step ahead against competition when they are entering the labour market consequently, increasing their advantage through the years. When coming to leadership why there is a resistance to the ability of a women to lead?

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[110] Ibid.
[111] Ibid.
[112] Ibid.
[113] Ibid.
[114] Eagly, A., Carli, L., *Women and the Labyrinth of Leadership*, Harvard Business Review, September 2007.
[115] Ibid.
[116] Ibid.

Different studies have shown that people associate men and women with various traits and link men with traits implying leadership[117]. The explanation for this phenomenon in the professional terminology of psychologists is the clash between two sets of associations, called communal and agentic[118].

Women are linked to communal qualities expressed in a concern for a compassionate treatment of others, including being helpful, friendly and kind. On the other hand, men are associated with qualities like control and agentic qualities (i.e. dominant, self-confident, or forceful). As the agentic traits are mostly connected with leadership in the majority of the people's mind, it is difficult to separate the male associations with leader associations[119].

Nonetheless, a reason why women are still lagging behind men in leadership roles could be just owed to the fact that more men can be found in leading positions through all stages. A recent study showed that by manipulating gender stereotypic traits of job candidates, the enhanced stereotype bias effect was supported[120]. This means that under the mortality salience (especially important in today's current political landscape based on war, fear and terrorism) the female participants were preferring and voting for the agentic candidate regardless of the sex, and males were preferring the agentic male candidate. Therefore, both in-group bias and stereotype bias were processed[121]. The women were not only aggrieved by males but also by their own gender.

Leading smart people

A further challenge for leadership in today's knowledge based economy and world is the question how to lead people who do not want to be led and may be as smart as you are or even smarter. This problem is not only occurring in the most prestigious and competitive companies like Goldman Sachs, McKinsey or Boston Consulting Group but also in Research&Development intensive firms where clever people are the nuts and bolts of the company. Knowledge companies should abolish the traditional structure in which decisions rights are reserved for the people at the top[122].

For more and more companies the competitive advantage can be found in an environment where smart people can develop and thrive[123]. Most top executives are aware of the fact that not only recruiting the best people is important but that it is even more important and crucial to retain these top people in an environment

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[117] Ibid.

[118] Ibid.

[119] Ibid.

[120] Hoyt, C., Simon, S., Reid, L., *Choosing the best (wo)men for the job: The effects of mortality salience, sex, and gender stereotypes on leader evaluations*, The Leadership Quarterly, 20 (2009) pp. 233-246, 2009.

[121] Ibid.

[122] Amar, A., Hentrich, C., Hlupic, V., *To Be a Better Leader, Give Up Authority*, Harvard Business Review, December 2009.

[123] Goffee, R., Jones, G., *Leading Clever People*, Harvard Business Review, March 2007.

where they can deliver results; e.g. often doubling the number of 'creatives' will not result in doubling the creativity in the company[124].

However, that is not where the problems for a leader with his smart subordinates finish. Consistently, with their 'smarts', self-esteem and pretensions these employees know that in today's world the need for specialists or highly educated people is huge (this is also applicable in times of recession where the 'healthy' company can lure away top-performers from their 'weak' competitors) and that location is not that important anymore (London, New York City or Beijing – they can be based everywhere). So how do you lead such people who know their value and do not want to be led, rather look for the fastest way up.

The answers to this question is supported by nearly 20 years of research[125]. For this specific HBR article, the authors interviewed more than 100 leaders and their employees in organizations ranging from banking, over to media and the new technology sector. For the writers it is clear that the traditional psychological relationship with 'normal' employees is not working with the crème de la crème: they want a high degree of organizational protection and recognition that their ideas are important and get a real chance of being implemented. The same applies to their boredom threshold: if they are not engaged intellectually, they will say quickly thank you.

Moreover, they demand the freedom to explore with the security of sometimes failing[126]. They assume that their superior is also highly intelligent, however, they do not want that the boss is outperforming them in terms of skills and talent. As a result there are some challenges faced by senior managers around the globe. For example: as tacit skills are more important than machines or even the location smart employees know that the company is going nowhere without their knowledge. Raised up in companies with flat structures the motivational carrot of titles or promotions is not working. On the other hand, it does not mean that the employees do not care about status[127]: they insist on being called "Professor" or "doctor". Besides they want access to the CEO. If they do not get it, they assume the company is not treating them seriously. Due to their wide reaching networks they increase their value to the firm by knowing what is happening around, not limited to specific industries. Conversely, the flight risk is increased especially in hub places like Silicon Valley or New York City[128].

Leadership and Teams

As earlier mentioned teams are the backbone of today's companies, however, more attention is being paid to the success and leadership skills of CEO's. Recently more and more companies discover that complementary leadership and leadership

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[124] Ibid.
[125] Ibid.
[126] Ibid.
[127] Ibid.
[128] Ibid.

teams should get more attention and even be trained[129]. Research has been done on one side how leadership in extreme action teams look like, over to how specific companies (here in this case General Electric, since the Jack Welch era is a synonym for great leadership) are putting team leadership into practice to achieve a common goal. General Electric (GE) CEO Jeffrey R. Immelt (his predecessor was the GE legend Jack Welch) installed the so-called Leadership, Innovation, and Growth (LIG) program in order to bring all senior members of a business's management team together for training[130].

The idea behind this LIG program is that most leadership or management development programs that focus on the teaching and inspiring of managers to apply new ways of doing things have a major failing: if a member of the manager's team have not taken this course, resistance could occur to implement the changes. For that reason the antidote which GE discovered to this specific problem was to train the whole management team together. As a result when managers complete this course as a unit they come out with a consensus view how to tackle the opportunities and threats facing their unit[131]. Furthermore, Jeff Immelt had to convince high level executives that they had to change and challenge their leadership behavior as they would stay in their position for at least the next four or five years (the gear has to switch from short-term thinking to long-term thinking). This argument coupled with the new idea of promoting-from-within, GE lead to the leadership thinking that the job at General Electric is something more: leave something better for whoever comes next[132]. Research showed how leadership in extreme action teams (i.e. medical teams in an emergency trauma center) is handled and evoked[133]. In the centre stands a hierarchical, deindividualized system of shared leadership. Due to the fact of dynamic delegation, the extreme action team ability enables reliable performance. Accordingly, the authors are stating that similar extreme action teams and improvisational organizational units should switch to melted bureaucratic and hierarchical role-based structures to get swift coordination and consistent performance. The leadership structure is not static but rather flexible. By training the subordinates from the beginning, they can slip naturally into leadership roles when required without any hesitation.

Leadership in the information age/ online era

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[129] Miles, S., Watkins, M, *The Leadership Team Complementary Strengths or Conflicting Agendas?* Harvard Business Review, April 2007.
[130] Prokesch, S., *How GE Teaches Teams to Lead Change*, Harvard Business Review, January 2009.
[131] Ibid.
[132] Ibid.
[133] Klein, K., Ziegart, J., Knight, A., Xiao, Y., *Dynamic Delegation: Shared, Hierarchical, and Deindividualized Leadership in Extreme Actions Teams*, Administrative Science Quarterly, 51 (2006): 590-621, 2006.

Information is going to be the greatest opportunity and challenge at the same time for a business leader in the next couple of years[134]. Since so much information is available because of the internet (real-time updates, online earnings calls etc.), traditional marketing management in such an environment is mostly not possible or just ill-advised. The stakeholders have access to various information sources internally (company webpage, firm's twitter account and so on) to externally (comments, analysis, reports etc.), making the greatest command for a leader in the business world his or her ability to look through the stake of information and make a clear decision.

In particular, the employees are in need of a clear direction or path shown to them through the information jungle[135]. This jungle is also made of counter of opposition research made by direct competitors to criticize or mislead the leader's leadership.

Due to all this information overload people are eager to get a relevant answer: somebody who tells them what this all means[136]. Here a window of leadership opportunity is open: investors, analyst, clients, employees and business partners are looking up to a CEO or senior manager who is able to filter the information (dividing the information which is relevant from the noise, i.e. useless data, surrounding it) and is able to communicate what matters for the firm and what not. But the information overload has got also positive things. It leads to teams or groups which are sputtering of new ideas and insights that should be tapped into[137]. However, the superior has to be willing to listen to it.

Furthermore, another kind of executive has to be promoted within the company: beside the high potential candidate, employees have to be found capable of analyzing and explaining the significant information to others[138].

In the end, in the new information age, leadership will be defined by leveraging information, simplify it and use it for the company's advance to motivate employees and connect customers closer to the company. Another challenge in tomorrow's online era where cloud computing (internet based use of computer technology) will be the standard, are going to be global teams consisting partly of people outside the company or squads brought together for only a single project. Consequently, leadership and collaboration will take place rather digital than face-to-face[139]. However, how leadership will look like in such a transformed business environment? Answers can be found in the online play worlds, where players are engage in an online community made of several thousands other players from around the world, interacting with each other, collaborating or competing against

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[134] The Economist, *Leadership in the Information Age,* The World in 2010.
[135] Ibid.
[136] Ibid.
[137] Ibid.
[138] Ibid.
[139] Reeves, B., Malone, T., O'Driscoll, T., *Leadership's Online Labs,* Harvard Business Review, May 2008.

each other in real time[140]. Strategic or organizational challenges are often the same which are faced by organization's leaders: recruiting, allocating resources, long-term planning or rewarding members of your online team. Quick decision making has to be utilized, to gain a competitive advantage over others. IBM conducted a leadership game study which included veteran players to observe and record the actions of leaders in this specific setting[141]. This eight-month study additionally featured a dozen of interviews with prominent gamers about their leadership behavior. The result was a survey helping to arrange the findings to suit real-world corporate situations. One of the conclusions derived form it for real-world management is that the game environment was as important as the successful leadership, leading to the point that getting the leadership environment right is as important as choosing the right people for the job[142]. Further, due to the quick pace of the online games, decisions are made within seconds on incomplete data and altered when more information is available. These leaders are more likely to operate in a corporate culture of constant change and adjusting. Even more important is the fact that leadership roles are often temporary in the online game community[143].

Leaders are switching from giving orders to taking them within a range of minutes. Leadership is seen as a task and not as an identity. However, this temporal leadership duration has got its pros and cons: burnouts are nearly nonexistent as roles are swapped without hesitation and problems but sometimes people have to stand up who did not think of themselves of being a leader. This temporary leadership concept is alien to most business organizations[144]. As a conclusion almost half of the IBM managers, having notable experience in the multiplayer online games, stated that being a game leader has helped them to improve their real-world leadership capabilities.

Conclusion

There are many new frontiers and new challenges of theory and practice of leadership. All will have an impact on this topic, some more some less. The most important ones have been covered more generous, however, there are some minor challenges which should be taken into account when talking about leadership in the next decade. One point is to put people into charge who want really to be leaders[145]. Many people are pressed into leadership roles from the sheer expectations of others or they pursue leadership positions for the appeal of a further career step or increased social status; for that reason they do not fully appreciate the leader position and fail within its responsibilities or possibilities. This point is

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[140] Ibid.
[141] Ibid.
[142] Ibid.
[143] Ibid.
[144] Ibid.
[145] Boyatzis, R., *Leading with intent*, The Korn/ Ferry Institute Briefings on Talent & Leadership, November 2009.

connected with the argument that a leader should be an authentic leader[146]. Authentic leaders work hard to understand and develop themselves by getting honest feedback. They have to practicing their values and their principles[147].

Moreover, the financial crisis and its derived recession has once again triggered a debate about managers' roles and responsibilities (not only in the case of the bonus questions (e.g. AIG) but also high-risk behavior). Accordingly, manager must always remember that they are the custodians of society's most powerful organizations[148]. Thus they must hold themselves to a higher standard[149].

To sum up, the main features which will impact leadership in the next couple of years are:

— Limited talent pool and promoting the right people for leadership positions regardless their gender or leadership style.
— Leading smart people and how to decrease the turnover rate for the smartest.
— The era of the Great Man has ended and has been replaces by leadership teams; how to build a group or team where leadership roles and positions are not fixed but flexible.
— Lead through IT and decision making in the time of high artificial intelligence and complexity: how to use modern technology and equipment (i.e. online games, social networking etc.) in decision making and developing leadership skills.
— Restructure most leadership programs as they are one dimensional, only focused on individuals or at one level of the organization.
— Most leader are not having the chance to experiment even if they can fail with that.
— Leadership is not static, made of a certain set of teachable skills or behaviors. Great leaders are not born, they are made.
— Not only corporate leadership training has failed but also academia[150]: Graduates of highly ranked MBA programs have shown only a four per cent improvement in self-management and self-awareness abilities and even a three per cent decrease in social awareness and relationship management skills when compared to their beginning of the program. Therefore how could Business Schools improve the role of leadership not only in the curricula but also in research.

These points will change and influence the picture of leadership how we know it today. Maybe some of them will turn out as not that influential, however, there is

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[146] George, B., Sims, P., McLean, A., Mayer, D., *Discovering Your Authentic Leadership*, Harvard Business Review, February 2007.
[147] Ibid.
[148] Prahalad, C., *The Responsible Manager,* Harvard Business Review, January-February 2010.
[149] Ibid.
[150] Boyatzis, R., *Leading with intent*, The Korn/ Ferry Institute Briefings on Talent & Leadership, November 2009.

a great chance that most of them will be important for the term leadership in the next decade.

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