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Soft Power, Hard Power and Leadership

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"A leader is best when people barely know he exists, not so
good when people obey and acclaim him; worst when they
despise him."   Lao-tsu   630 BC

Leadership styles are changing in today's information age -- or so we
are told. According to the chief executive of IBM, "hierarchical, command-
and-control approaches simply do not work anymore. They impede
information flows inside companies, hampering the fluid and collaborative
nature of work today."[1] The Pentagon reports that army drillmasters do "less
shouting at everyone," because today's generation responds better to
instructors who play "a more counseling type role." [2] As one management
expert summarized twenty-five years of his studies, "we have observed an
increase in the use of more participative processes."[3]

The information revolution has altered politics and organizations.
Knowledge is power, and more people have more information than at any
prior time in history. Hierarchies are becoming flatter and embedded in fluid
networks of contracts and contacts. Knowledge workers respond to different
incentives and political appeals than do industrial workers. Polls in advanced
countries show people today have become less deferential to authority in
organizations and in politics.[4] The classic economic theory of the firm as a
hierarchical organization that internalizes functions in order to reduce
transactions costs – think GM -- is being supplemented by the notion of
firms as networks of outsourcing – think Toyota or Nike. Success in
managing such public and private networks depends on "talent, trust and soft
power."[5] Or at least that is the theory about those who occupy authoritative
political and organizational positions in post-modern societies. [6]

Leadership experts report the increased success of what is sometimes
considered a feminine style of leadership.[7] In terms of gender stereotypes, a
patriarchal leadership style was assertive, competitive, autocratic and
focused on commanding the behavior of others. The feminine style was
cooperative, participatory, integrative, and aimed at co-opting the behavior
of followers. When women fought their way to the top of organizations with

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stereotypically masculine roles, they often had to adopt a male style, violating the broader social norm of female "niceness," and they were often punished for it. Today, with the information revolution and democratization demanding more participatory and integrative leadership, the "female" style is becoming a path to more effective leadership for women and men alike.[8] Leadership is seen less in heroic terms of issuing commands than in sharing and encouraging participation throughout an organization, group or network. Soft power may prevail over hard power.

Stanford psychologist Roderick Kramer has recently[9] warned against this new conventional wisdom: "in all our recent enchantment with social intelligence and soft power, we've overlooked the kinds of skills leaders need to bring about transformation in cases of tremendous resistance or inertia." While some studies suggest that bullying is detrimental to organizational performance, [10] Kramer describes bullies who have a vision and disdain social constraints as "great intimidators". And they often succeed. As a Silicon Valley venture capitalist once told me, "almost all our great innovators are jerks." Larry Ellison, Steve Jobs and Bill Gates are not renowned for their soft touch. Similarly in politics, John Major was a much nicer person than Margaret Thatcher, but Chris Patton (who served under both) reports that her bullying made her a more effective prime minister.[11] Machiavelli famously said it is more important for a prince to be feared than to be loved. And while some studies report that Machiavellianism (defined as manipulative, exploitive and deceitful behavior) is negatively correlated with leadership performance, other studies have found a positive relationship.[12] So where does leadership theory now stand on the roles of hard and soft power? As I will argue below, the answer will depend upon the context.

What is Soft Power?

Leadership and power are inextricably intertwined. Broadly speaking, power is the ability to affect the behavior of others to get the outcomes you want, and there are three basic ways to do that:
- You can coerce them with threats.
- You can induce them with payments
- Or you can attract and co-opt them.

Soft power rests on the ability to shape the preferences of others. At the personal level, we all know the power of attraction and seduction. In a relationship or a marriage, for example, power does not necessarily reside

with the larger or richer partner, but in the poorly understood chemistry of attraction. Smart executives know that leadership is not just a matter of issuing commands, but also involves leading by example and attracting others to do what you want. As a former CEO once told me, you cannot run a large multinational by commands or threats alone. Many things in a large organization are outside the leader's span of control. Your power is greater if you can get others to buy in to your values and vision.

The ability to establish preferences tends to be associated with intangible assets such as an attractive personality, values, institutions, and a vision that are seen as legitimate or having moral authority. If a leader represents a vision and values that others want to follow, it will cost less to lead. Soft power often allows a leader to save on costly carrots and sticks. Simply put, in behavioral terms, soft power is attractional power. In terms of resources, soft power resources are the assets that produce such attraction.[13]

There are various types of attraction. People are drawn to others both by their inherent qualities and by the effect of their communications. The emotional or magnetic quality of inherent attraction is sometimes called charisma, and we shall discuss it below. Communications can be symbolic (leadership by example) or by persuasion, for example, arguments and visions that cause others to believe and follow. When such persuasion has a large component of emotion as well as reason, we call it rhetoric. Some communications are designed to limit reasoning and frame issues as impractical or illegitimate in such a way that they never get on the agenda for real discussion.[14] At this point, persuasion blurs into propaganda and indoctrination. As for hard power, as Thomas Schelling pointed out, the two main sources of hard power, threats and inducements, are closely related.[15] Inducements, rewards and bonuses are more pleasant to receive than threats, but the hint of their removal can constitute an effective threat.[16]

Table 1 Soft and Hard Power

Type of Power	Behavior	Sources	Examples
Soft	Attract and co-opt	Inherent qualities	Charisma
		Communications	Persuasion, example
Hard	Threaten and induce	Threats, intimidation.	Hire, fire, demote
		Payment, rewards	Promotions, compensation

Hard and soft power are related because they are both aspects of the ability to achieve one's purpose by affecting the behavior of others. Sometimes people are attracted to others with command power by myths of invincibility. In some extreme cases known as "the Stockholm syndrome," fearful hostages become attracted to their captors as a means to reduce painful stress. As Osama bin Laden put it in one of his videos, "when people see a strong horse and a weak horse, by nature, they will like the strong horse." Sometimes great intimidators have a vision and reputation for success that attracts others despite their bullying behavior --witness the examples of Steve Jobs, Martha Stewart and Hyman Rickover, the father of the nuclear navy.[17] Among the great industrial titans, Andrew Carnegie and Thomas J. Watson of IBM led primarily by intimidation; George Eastman and Robert Noyce led primarily through inspiration.[18]

Hard and soft power sometimes reinforce and sometimes interfere with each other. Almost every leader needs a certain degree of soft power. As David Hume pointed out more than two centuries ago, no individual is alone strong enough to coerce everyone else. A dictator must attract or induce an inner circle of henchmen to impose his coercion. Even Hitler, Stalin and Mao had such a circle of acolytes. But except for some religious leaders such as the Dalai Lama, soft power is rarely sufficient. And a leader who only courts popularity may be reluctant to exercise hard power when he should. Alternatively, leaders who throw their weight around without regard to the effects on their soft power may find others placing obstacles in the way of their hard power. Machiavelli may be correct that it is better for a prince to be feared than to be loved, but we sometimes forget that the opposite of love is not fear, but hatred. And Machiavelli made it clear that hatred is something a prince should carefully avoid.[19] When the exercise of hard power undercuts soft power, it makes leadership more difficult – as the United States is finding out in its struggle against jihadist terrorism. The ability to combine hard and soft power fruitfully is "smart power."

Soft power is not good per se, and it is not always better than hard power. Nobody likes to feel manipulated, even by soft power. Like any form of power, it can be wielded for good or bad purposes, and these often vary with the eye of the beholder. Bin Laden possesses a great deal of soft power in the eyes of his acolytes, but that does not make his actions good from an American point of view. It is not necessarily better to twist minds

than to twist arms. If I want to steal your money, I can threaten you with a gun, or I can persuade you with a false claim that I will save the world. The second means depends upon attraction or soft power, but the result remains theft in both instances.

Transformational and Transactional Leadership

A significant strand of current leadership theory is described as the "neo-charismatic and transformational approach." Charisma is a form of soft power. Max Weber defined it nearly a century ago as "the quality of an individual personality by which he is set apart ...and treated as endowed with superhuman or exceptional powers…" But Weber also argued that charisma is in the relationship, not just an individual trait. Personal charisma lasts only "as long as it receives recognition and is able to satisfy the followers or disciples."[20] In other words, there is a sociological as well as a psychological dimension to charisma. For example, as Hitler's success increased in the 1930s, so did the concentric circles of followers who saw him as charismatic, and as he failed in 1944-45, those circles shrank as the film "Downfall" vividly illustrates.

Similarly, the business press has described many a CEO as "charismatic" when things are going well, only to withdraw the label after they fail to make their numbers. For example, in May 2000 Fortune described John Chambers of Cisco as possibly the greatest CEO ever, but a year later after a $400 billion decline in market value, it described him as naïve and believing too much in his own fairy tale.[21] Searching for corporate saviors has increasingly produced what Rakesh Khurana calls "the irrational quest for charismatic CEOs." [22] He reports that companies often search for white knights with attractive images created by the media rather than those with the most appropriate managerial experience.

Leadership theorists use the term "charismatic" to refer to a process that relies on personal and inspirational power resources rather than the power that comes from holding an official position of authority like president. Charismatic leaders are adept at communication, vision, confidence, being an exemplar, and managing the impressions they create. Some theorists distinguish between "close" charismatics who work best in small groups and "distant charismatics" who rely on more remote theatrical performance. Other theorists distinguish "socialized" charismatics who use

their power to benefit others, and "personalized" charismatics whose narcissistic personalities lead to self serving behavior. [23] But regardless of type, charisma is often hard to identify in advance. A recent survey concluded that "relatively little" is known about whom charismatic leaders are, and some scholars treat it as well developed social and political skills, while others consider it an individual trait or attribute.[24] In a study of presidential rhetoric, George Edwards found that charisma is more easily identified ex post than ex ante.[25]

In current usage, the word charisma has become a vague synonym for "personal magnetism" rather than an operational concept. Such attraction depends in part on inherent traits, in part on learned skills, and in part on social and political context. It is more likely to be effective when followers feel a strong need for change, often in the context of a personal, organizational or social crisis. For example, Winston Churchill was not seen as a charismatic leader in 1939, when he was widely regarded as a washed up back bench Tory MP. But a year later, his vision, confidence, communications skills and example made him charismatic in the eyes of the British people given the needs they felt after the fall of France and the Dunkirk evacuation. Yet by 1945, when the public focus turned from winning the war to the construction of a welfare state, Churchill was voted out of office.

Given the inadequate explanatory value of charisma alone, leadership theorists in the 1970s and 80s incorporated it into a broader concept of transformational leadership. As Janice Beyer put it, the new paradigm "tamed the original concept of charisma."[26] Transformational leaders mobilize power for change by appealing to their followers' higher ideals and moral values rather than baser emotions of fear, greed, and hatred. They use conflict and crisis to raise their followers' consciousness and transform them. Conversely, transactional leaders motivate followers by appealing to their self interest.[27] Transformational leaders appeal more to the collective interests of a group or organization, and transactional leaders rely more on individual interests. In this description, transformational leaders rely more on soft power; transactional leaders more on hard power.

Transformational leaders induce followers to transcend their self interest for the sake of the higher purposes of the organization that provides the context of the relationship. Followers are thus inspired to undertake adaptive work and do more than they originally expected based on self

interest alone. Charisma is only part of transformational leadership. As defined and operationalized by Bernard Bass, transformational leadership also includes an element of "intellectual stimulation" -- broadening followers' awareness of situations and new perspectives – and "individualized consideration" – providing support and developmental experiences to followers rather than treating them as mere means to an end.[28] Transactional leaders, on the other hand, create concrete incentives to influence followers' efforts and set out rules that relate work to rewards.

But just as hard and soft power can be complementary, the two types of leadership processes are not mutually exclusive. Leaders can pick from a menu of hard and soft power resources. Many leaders use both styles at different times in different contexts. Achieving transformational objectives may require a combination of both hard and soft power. In his early days at GE, Jack Welch used a hard power top down style to transform the company. "What got less press was how Welch subsequently settled into a more emotionally intelligent leadership style, especially when he articulated a new vision for the company and mobilized people to follow it."[29]

The terms developed by leadership theorists, however, can be confusing because they refer both to leaders' objectives and to the styles they use.[30] Consider the example of American presidents. In the 1950s, Senator Lyndon Johnson deeply wanted to transform racial injustice in the South, but he did not use soft power to preach to or inspire a new vision in his fellow senators. Instead he used a very transactional style of hard power bullying and bargaining to achieve his transformational objectives in passing a civil rights bill that was anathema to many of the supporters who had made him majority leader.[31] Franklin Roosevelt is often cited as an example of a transformational leader, and in the 1930s, he used the soft power of inspirational communications to help achieve his transformational goals of social reform. But FDR also used very indirect transactional bargaining to pursue his goal of transforming American foreign policy toward support of Great Britain before WWII. His followers were ready for transformation on social issues, but not on foreign policy. Harry Truman is another example of a successful leader with transformational objectives who tended to be transactional in his style.

Given this confusion in the theory, it is better to use different terms to describe leaders' objectives and their styles. We can refer to their objectives as ranging from transformational to status quo. We can distinguish leaders' styles by how they use hard and soft power resources. A leader may use both

hard and soft power styles to achieve transformational objectives, or limited objectives, or to preserve the status quo. In democracies, force is not a significant option, so the two main hard power resources of coercion and inducement consist mainly of hiring, firing, bullying, buying and bargaining. The two key soft power resources of inherent qualities and communications consist mainly of charismatic attraction, emotional inspiration, persuasion and non-verbal communications. As Harry Truman observed, "I sit here all day trying to persuade people to do the things they ought to have sense enough to do without my persuading them… That's all the powers of the President amount to."[32] And CEOs struggling to merge newly acquired firms find that the hard power of firing people is rarely sufficient. It is equally important to create a soft power vision that attracts people to the merged corporate culture.

We can use the terms "transactional style" to characterize what leaders do with their hard power resources, and "inspirational style" to characterize leadership that rests more on soft power resources. Combining these two categories and using well known presidents as examples produces the following two by two matrix in which you can have transformational leaders who mostly use a transactional style (Harry Truman); transformational leaders who are strong on inspirational style (Franklin Roosevelt); status quo leaders with a transactional style (Eisenhower) and status quo leaders who often use an inspirational style (Clinton).

	Transactional Style	Inspirational Style
Transformational Objectives	Harry Truman	Franklin Roosevelt
Status Quo or limited Objectives	Dwight Eisenhower	Bill Clinton

More accurately, one could display leaders in various positions in a two dimensional space rather than restrict them only to one of the four quadrants, since their overall style is not always fixed and they adopt different styles in different contexts.[33] In any event, the secret to success lies in the ability of leaders to combine hard and soft power resources in appropriate contexts. Michael Mumford and Judy Van Doorn describe such hybrid types as "pragmatic leaders." They use the example of Benjamin Franklin who often wanted to change the status quo, but he did so not by charismatic appeal, but rather by careful analysis of social and power relations, and then working (often behind the scene) through elite networks to develop coalitions to implement a vision.[34]

Transactional leadership styles are more frequent and effective in stable and predictable environments, and an inspirational or soft power style is more likely in periods of rapid and discontinuous change. Stable environments both allow and demand a broader range of styles to combine creativity with buy-in from important stakeholders. A company with a mature technology, stable growth, and a contented labor force will look for a different leadership style than a company facing turbulent markets, rapid technological change, and major outsourcing. Similarly, in political systems, a parliament, party or bureaucracy will respond differently depending on context. Crisis conditions can liberate a gifted leader from the accumulated constraints of vested interest groups and bureaucratic inertia that normally inhibit action. Followers experience new or accentuated needs. They look for new guidance. Action becomes more fluid. When followers feel the need for change, a leader with transformational objectives faces better odds, and an inspirational style is more likely to find responsive followers.

Hard and Soft Power Skills

What are the inspirational soft power skills and transactional hard power skills that leaders need to combine? Three skills are particularly important for the soft power part of the equation:

- Vision is the ability to articulate an inspiring picture of the future. In the words of Frederick Smith, CEO of Federal Express, "the primary task of leadership is to communicate the vision and values of an organization."[35] A vision has to be attractive to various circles of followers and stakeholders, and to be sustainable, it must~~to be~~ be an effective diagnosis

of the situation a group faces. One can judge the quality of a vision in terms of whether it creates a sensible balance between realism and risk, and whether it balances objectives and values with capabilities. Anyone can produce a wish list, but effective visions combine inspiration with feasibility. Woodrow Wilson was good at articulating a vision, but poor at implementation.

- Emotional intelligence is the self-mastery, discipline, and empathic capacity that allows leader to channel their personal passions and attract others.[36] It determines the consistency of their "charisma" or personal magnetism across changing contexts. Emotional intelligence must be authentic to be lasting, but successful management of personal impressions also requires some of the same emotional discipline and skill possessed by good actors. Ronald Reagan's prior experience served him well in this regard, and Franklin Roosevelt was famously described as having a third rate intellect, but a first class temperament. In business, "managing for financial results…begins with the leader managing his inner life so that the right emotional and behavioral chain reaction occurs…Moods that start at the top tend to move the fastest because everyone watches the boss."[37] Humans, like other primate groups, focus their attention on the leader. Closely watched CEOs and presidents are always conveying signals whether they realize they are or not. Emotional intelligence involves the awareness and control of such signals.

- Communication: Finally, an attractional leader has to have the capacity to communicate effectively both by words, symbols, and personal example. Winston Churchill often attributed his success to his mastery of the English sentence. Good rhetorical skills help to generate soft power, but some effective leaders are not great speakers – witness Mahatma Gandhi. The ability to communicate one-on-one or in small groups may be more important than rhetoric. Organizational skills – the ability to attract and manage an effective inner circle of followers -- can compensate for rhetorical deficiencies, and effective public rhetoric can partly compensate for low organizational skills. But at least the inner circles of followers need to be attracted and inspired. Harry Truman was a modest orator, but compensated for the lack of public rhetoric by attracting and ably managing a stellar set of advisors. Leaders who lack great rhetorical skills can also communicate effectively by example, symbols, actions and organization. A good narrative is a great source of soft power, and the first rule that fiction writers learn about good narrative is to "show, not

tell." Setting the right example is a crucial form of communication for leaders.

Two other skills are more closely related to transactional style and hard power.

- <u>Organizational capacity</u> refers to the ability to manage the structures and reward systems of an organization to shape and to implement a strategy; for example, hiring, firing, and compensation. Especially important is the effective management of flows of information relating to both the inputs and outputs of decisions. Leaders must manage their inner circle of advisors to ensure an accurate flow of information and influence. They must avoid the "emperor's trap" of only hearing how beautiful their new clothes are. Ironically, George W. Bush, the first president with an MBA, was weaker on this dimension than his father, who, like Harry Truman, knew how to manage an able group of advisors.

- <u>Political skill</u> is crucial but more complex than first appears. Politics can take a variety of forms. Intimidation, manipulation, and negotiation are related to hard power, but politics also includes inspiration, brokerage of new beneficial arrangements, and developing networks of trust typical of soft power. Politics can involve success in achieving goals not just for oneself and a narrow group of followers, but also building political capital for bargaining with wider circles of followers. When Roderick Kramer calls "political intelligence" the ability to size up the weaknesses, insecurities, likes and dislikes of others so that you can turn them into your instruments, he is referring narrowly to the Machiavellian political skills that are crucial for hard power of threats and inducements.

Kramer's "great intimidators" employ a variety of tactics to bully and intimidate others in order to get what they want. Abusive language or an aloof attitude can throw others off balance. A calculated loss of temper can be useful at times. General George Patton practiced his scowl in front of a mirror, and Robert McNamara shared intimacies with superiors but never subordinates. Both he and Margaret Thatcher intimidated others by appearing to know it all – even when they did not. Kramer describes Carly Fiorina of HP and Disney's Michael Eisner as skillful "silent intimidators."[38] Lyndon Johnson, on the other hand, would physically get up front and personal, draping an arm around shorter men, and seizing others by their lapels and argue while pressing his face close to theirs.

Kramer contrasts such hard "political intelligence" with the "social intelligence" emphasized by current management theorists that stresses empathy and interpersonal skills that attracts followers and extracts maximum performance from subordinates through soft power. Socially aware executives are also experts at reading the currents of office politics and using political skills in the broader sense of the term, but the starkest point of contrast between these two kinds of leaders is how willing they are to use hard power skills.

In "some specific business cases, an SOB boss resonates just fine," argue Goleman, Boyatzis and McKee. "But in general, leaders who are jerks must reform or else their moods and actions will eventually catch up with them."[39] But a style that works in one context may not work in another. Kramer describes former Secretary of the Treasury and Harvard President Larry Summers as trying to shake up Harvard with a pattern of initial confrontation, followed by skeptical and hard questioning to get people to think more deeply about their purposes in the institution.[40] But the case is also illuminating for another reason. While Summers had been successful in Washington and was widely credited with proposing a good vision for the university, he was less successful in executing that vision and resigned prematurely. As Business School Professor Jay Lorsch summarized the situation of a Harvard president, "this person who could be a powerful president really finds himself checked not only by the people above him but by the deans and the faculties around him."[41] In this context of constrained power resources, in contrast to Washington, Summers failed to combine hard and soft power successfully. In a decentralized university like Harvard (and many other non-profit institutions), presidents have much more limited hard power resources than do their equivalents in government or business. In such a context, once their hard power tactics undercut their soft power, they have few power resources left.

The moral of the story, of course, is not that hard or soft power is better, or that an inspirational or a transactional style is the answer, but that it is important to understand how to combine these power resources and leadership styles in different contexts. This gives rise to a sixth critical skill, which is the ability to understand the context so that hard and soft power can be successfully combined into smart power and smart leadership.

- <u>Contextual intelligence</u> is defined by Anthony Mayo and Nitin Nohria as the ability to understand an evolving environment, and to capitalize on trends.[42] They have applied it to firms in changing markets over the past century, but more broadly it is an intuitive diagnostic skill that helps a leader to align resources with objectives by understanding the distribution of different power resources and moving with, rather than against the flow of events to implement a strategy. It implies both a capability to discern trends in the face of complexity and uncertainty as well as adaptability while still trying to shape events.[43] It allows leaders to adjust their style to the situation and to their followers' needs. It requires them to create a system for the flow of information that "educates their hunches." It involves the broad political skill of not only sizing up office politics, but of understanding the positions and strengths of various stakeholders so as to decide when and how to use transactional and inspirational skills. It is the self-made part of luck. Ronald Reagan, for example, was often faulted on his pure cognitive skills, but had a keen contextual intelligence. Some corporations train personnel to develop contextual intelligence. GE, for example, tries to fit styles to context at its training center for leaders at Crotonville, New York: "whatever their styles, we can show them the kinds of meetings and review processes that play to their advantages."[44] The U.S. Army Leadership Manual also tries to train officers to respond differently to changing environments.[45]

Table 3 Effective Leadership Styles: Soft and Hard Power Skills

<u>Soft Power (inspirational)</u>

1. Policy Vision   - attractive to followers
                           - effective (balance ideals & capabilities)

2. Communications   - persuasive words, symbols, example
                           - persuasive to near and distant followers

3. Emotional IQ   - ability to manage relationships and "charisma"
                           - emotional self-awareness and control

<u>Hard Power (transactional)</u>

1. Organizational Capacity   - manage reward and information systems
                                      - inner and outer circles (institutions &
                                                bureaucracies)

2. Political Skill (narrow)   -ability to bully, buy and bargain
                                      - ability to build and maintain coalitions

Smart Power (combined resources)

1. Contextual IQ   - understand evolving environment
   (broad political skills)   - capitalize on trends ("create luck")
                                      -adjust style to context and followers' needs

Contexts and Leadership Skills

If context is king, what can we say about contexts and how they relate to leaders' skills? Contextual intelligence can be thought of as exercising political skills in the broader sense described earlier. It encompasses but is broader than the narrow political intelligence that Kramer summarizes as accurately sizing up the weaknesses and vulnerabilities of potential followers in order to manipulate them.

The first thing successful leaders must do is carefully assess the political culture of his or her group, and understand how it affects the distribution of power resources that will be available and the costs of their use. An army general faces a different set of options than does a university president. As noted, the culture of government is different from the culture of a non profit organization, just as the culture of a marine platoon is different from the culture of a social club. Even in similar domains, behavior that is appropriate in a software company differs from what would be acceptable in an open source community.[46]

The political culture as well as formal structures and rules of groups or organizations determine what power resources are available to leaders in any particular situation, and how that relates to their choice of transactional and inspirational styles. Institutional structures and group cultures authorize and discourage certain actions. Leadership may be distributed throughout a group or organization, and leaders can act with or without authority, but they need to understand the authoritative context.[47]   Leading others who consider themselves leaders is different from commanding troops; running a law or consulting partnership is different from running a more hierarchical corporation.[48] Or as management theorist Jim Collins has put it, a first step is to know whether you are in a hierarchical executive situation or a flat legislative situation where your only hope is to assemble majority coalitions.[49] Sam Walton had less need to assemble coalitions at Walmart than Lyndon Johnson did in the Senate. And Johnson in the White House needed different political skills (for example, public rhetoric to express a vision and managerial skills to implement it) than he did when he was in the Senate.

Whether a group is in the public or private sector often has a strong effect on its political culture and the resources and styles that leaders find effective. Public groups usually involve a wider and more diverse set of stakeholders who can claim a legitimate voice. Measures of merit, such as profit, are more precise and less contested in private organizations. Efficiency often takes second place to considerations of due process in making public decisions, and secrecy and confidentiality are more restricted. The very "publicness" of public groups and organizations – sometimes called "making decisions in a fishbowl" – constrains certain power resources and affects choices of style. Very often, successful business leaders who go into government fail because of inattention to these cultural differences.

Another aspect of contextual intelligence is the ability to understand the changing needs of potential followers. How stable is the status quo? How much do people feel a need for change, and what type of change do they want? Leaders must diagnose what it will take to get followers to engage in what Ronald Heifetz calls adaptive work rather than evasion of painful change.[50] They must ask where will resistance to change be located, and what actions and messages can persuade people to do painful but adaptive work? How can coalitions be created to overcome resistance? How can hard power be used to overcome resistance without undercutting the power of attraction and co-option?

Leaders need to assess contexts in terms of whether a given situation is one where hard power commands will be welcomed or resisted. Victor Vroom distinguishes "autocratic situations" which invite hard power approaches from "autocratic managers" who always use such a style. His research shows that the situational context is considerably more important than the managers' traits. In his words, "leaders must have the capabilities of being both participative and autocratic and of knowing when to employ each."[51] Moreover, he distinguishes degrees of autocracy on a scale ranging from making decisions alone, deciding after individual consultation, deciding in the context of group consultation, or facilitating decisions by others, or full delegation. For example, in my own experience as a university dean, I had to learn which decisions (sometimes important ones over budget and fundraising) the faculty did not want me to bother them with, and on which ones they insisted on having a key input (faculty appointments).

Among the key determinants of a leader's choice of appropriate style in a given context is the amount of expertise a decision requires, the timeliness of a decision, and the cost of waiting for broader consultation. But even when followers are willing to allow autocratic decision making, a leader may opt for broader participation in order to educate followers and to develop a sense of commitment and buy-in for the organization. Another set of considerations, as Michael Roberto has argued, has to do with the novelty of the situation. In recurrent situations, the problem may be primarily one of coordination and it is enough to follow routine procedures with a limited set of participants. But in a novel situation, greater diversity in the group that shapes decisions may initially slow things down, but may also assure a broader set of views and avoidance of group think. The increased transactions costs may be more than rewarded by the greater creativity of a more diverse group. Roberto contrasts President Kennedy's successful handling of the Cuban Missile Crisis in 1962 with the narrow procedures he followed in the failed Bay of Pigs invasion of 1961.[52]

Crisis, defined as a situation where there is a threat to key values and a premium on timely response, is another key dimension of context. Crises are often accompanied by individual and organizational stress. As Howitt and Leonard have pointed out, there are three quite different types of work that need to be performed in a major crisis.[53] Cognitive work by analysts can help to diagnose the situation; operational work requires tacit knowledge and experience more than analysis; and political work by top leaders requires strategic choices as well as managing relations with the outside environment.

A successful leader in a crisis has to have the contextual intelligence to know which decisions to make and which to leave to others. When Baltimore suffered a severe fire in a train tunnel, for example, Mayor Martin O'Malley successfully managed the crisis by delegating key decisions to the operators. After the attack on the World Trade Center in New York, Mayor Rudolph Giuliani's success as a leader was not through becoming involved in detailed operations, but in providing crucial reassurance to a confused and terrified public.

But effective crisis leadership is not merely a matter of understanding when to delegate decisions. It also involves pre-crisis leadership in building a system, training and preparing in advance. In other words, transactional management skills are essential, not just soft power reassurance after the crisis strikes. For example, many observers have criticized the absence of top leadership in managing operations and providing reassurance when Hurricane Katrina struck New Orleans in 2005. But as Leonard has noted, the leadership failures began long before the storm came ashore.

Modern management theory has tended to distinguish the roles of leaders from those of managers and places greater emphasis on the former. In 1977, Abraham Zaleznick criticized management education and described managers as merely embracing process and seeking stability, while leaders tolerate risk and create change.[54] Organizations need both, but leaders are more scarce. Or as John Kotter put it in describing corporate change, "a guiding coalition with good managers but poor leaders will not succeed."[55] Good leaders construct teams that combine these functions, making sure to hire subordinates who can compensate for the leader's deficiencies in managerial skills. But more recently, there has been a renewed interest in leaders as managers. After all, vision without implementation is ineffective. Leaders need enough managerial skill to assure that systems are in place that provide the information needed for good decisions as well as effective implementation. An effective leader can take steps to manage and shape the context by creating and maintaining well designed systems.

As James March has written, well designed systems are like stage directions in a play.[56] They encourage actors to make correct entrances and exits without being told. But stage directions are not enough. People game systems for various reasons, and effective leaders play a critical role in maintaining the integrity of their systems. For example, if top leaders do not monitor their systems to insure that they are producing full and accurate

information flows, the systems are likely to become distorted by the most powerful subordinates. For example, under President George H. W. Bush, National Security Advisor Brent Scowcroft made sure that a set of powerful cabinet secretaries each had full access to the president. Under President George W. Bush, many of the same strong personalities were involved, but the formal NSC system became distorted and the president received a truncated flow of information. As Colin Powell's chief of staff described the situation, "this furtive process was camouflaged neatly by the dysfunction and inefficiency of the formal decision-making process." Or in the words of Army General Wayne Downing who worked in the White House, "over the years, the interagency system has become so lethargic and dysfunctional that it inhibits the ability to apply the vast power of the U.S. government on problems. You see this inability to synchronize in our operations in Iraq and in Afghanistan, across our foreign policy, and in our response to Katrina."[57] Similarly, in the private sector, one of Kenneth Lay's key leadership failures in the Enron debacle was in not ensuring and responding in a timely way to information that contained bad news.

The transactional skills required for leaders <u>as</u> managers should not be confused with the efficiency or tidiness of a well run organization. It refers to the top leader's ability to insure an accurate inflow and outflow of information for making and implementing decisions. Effectiveness is more important than efficiency. Franklin Roosevelt, for instance, ran an inefficient organization with overlapping jurisdictions and responsibilities, but one that assured him multiple competing flows of information. Dwight Eisenhower ran an efficiently organized presidency that some felt lacked leadership, but historians later discovered his hidden hand behind most decisions.[58] Ronald Reagan practiced "extreme delegation," which worked when he had an able team in place, but turned into a disaster when Donald Regan, John Poindexter and Oliver North took over.[59] While Reagan excelled in the soft power skills of vision, communication, and emotional intelligence, he lacked the transactional skills of leadership <u>as</u> management. Or as Tom Peters has argued, top business managers cannot hope to solve all problems in a tidy fashion, but "what they can do is: (1) generally shape business values, and (2) educate by example."[60] A crucial component for such an example is assuring that unfiltered bad news can reach the top and be acted upon promptly.

Table 4   **Contexts and Leadership Styles**

1. Distribution of power resources:

- hierarchical/dispersed
- with or without authority
- close/distant relationships
- internal/ external resources
- minimum winning coalitions

2. Public/ private situation:

- number of stakeholders
- measures of merit
- publicity
- due process constraints

3. Followers felt need for change:

- objective assessment by leader
- distribution of followers

4.. Follower's desire for participation:

-"autocratic situations"
- cost of time
- distribution of expertise
- novelty of situation vs. groupthink
-education and empowerment

5. Crisis (time urgent threat):

-analytic work
-operational work
-political work

6. Information flows:
-formal and informal systems
-system design
-system maintenance

Conclusions

       Globalization, the information revolution and democratization are long term trends that are changing the macro context of political and organizational leadership in post-industrial societies. Management researchers have detected a change in effective leadership styles over the past two decades. Successful leaders are using a more integrative and participatory style that places greater emphasis on the soft power of attraction rather than the hard power of command. What was once considered a feminine style of leadership in terms of gender stereotypes has become more effective for male and female leaders alike.

       But it is important to realize that this change in leadership style is a matter of degree of command or attraction, from hard to soft power styles, not a total switch from one type to another. While soft power skills of vision, communication, and emotional intelligence are becoming more important in the mix, effective leaders need to combine them with transactional hard power skills of managing organizational structures and political skills of bullying, buying, bargaining and hard nosed negotiation. Since soft power saves on costly carrots and sticks, some leaders would be tempted to always employ it. Many would be leaders, when asked what they would do in a difficult case, start with a soft power answer of appealing to a common interest and seeking a consensus in a group. But in some situations, soft power is not enough, and its pursuit may prevent or delay the application of hard power. Some situations will remain susceptible to and even require "great intimidators"; in others such bullying will be counterproductive. Some situations will call for transformational leadership; others will not. But even when transformational objectives are needed, the appropriate style of leadership to accomplish them may be a mixture of transactional and inspirational skills.

      Different groups and organizations may require different types of leaders at different stages. An entrepreneur with a vision for a start-up is often not the right leader when a firm matures; the Churchill of 1940 is not what the British public wanted when they turned to creating a welfare state

in 1945. But before we simply conclude that different courses favor different horses, it is worth asking whether more attention to context can help leaders broaden their bandwidth of styles. In a world where more people are likely to work in different sectors – public, private, non-profit – and in different national cultures at various stages of their lives, greater attention to context may add to the versatility of leadership that is required for success in all levels of groups and organizations in a global information age.

That is why the most important skill for leaders will be contextual intelligence, a broad political skill that allows them successfully to combine hard and soft power into smart power and to choose the right mix of an inspirational and transactional style according to the needs of followers in different micro contexts. Appropriate choice of style depends on such questions as whether a situation is autocratic or democratic, whether conditions are normal or in crisis, whether problems are routine or novel, and what degree of change is necessary or desirable. Contextual intelligence will be the key leadership skill in such circumstances: assessing social and organizational systems, sizing up power relations, discerning trends in the face of complexity and uncertainty, adjusting the mix of styles according, and creating and maintaining a system of information flows that "educates the leader's hunches." Successful leadership may rest more upon soft power than in the past, but the prize will go to those with the contextual intelligence to manage the combination of soft and hard power into smart power.

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[1] Foreign Affairs

[2] Undersecretary of Defense David Chu, and Lt. Col. Mike Jones, head of Army National Guard recruiting, quoted in Associated Press, "Pentagon Softens Instructor's Role," Washington Times, October 11, 2006, p4.

[3] Victor Vroom

[4] See Nye, Zelikow and King, eds. Why People Don't Trust Government,   also Inglehart

[5] Philip Evans and Bob Wolf, "Collaboration Rules," Harvard Business Review, July-August 2005, p 102.

[6] Of course, there are many other types of cultures which produce other types of leaders ranging from religious communities to criminal gangs – but they are not the subject of this paper.

[7] Alice Eagly et al,

[8] See Bill George, Authentic Leadership;   others.

[9] Roderick Kramer, "The Great Intimidators," Harvard Business Review, February 2006, p 90

[10] Michael Harvey, Joyce Heames, and R. Glenn Richey, "Bullying: From the Playground to the Boardroom," Journal of Leadership and Organizational Studies, 12, 4, (2006) , pp 1-11

[11] See the description in Chris Patten, pp

[12] Bedell, Hunter, Angie and Vert, "A Historiometric Examination of Machiavellianism and a New Taxonomy of Leadership," Journal of Leadership and Organizational Studies, 2006. But see Deluga, 2001 and Simonton, 1986 for opposing findings.

[13] For a more detailed discussion, see my Soft Power: The Means to Success in World Politics

[14] See Steven Lukes, Power: A Radical View. Also Janice Bially Mattern, "On Why 'Soft Power' Isn't So Soft," Millennium, 33, 3, (2005).

[15] Schelling, pp

[16] See Ruth Grant, "Ethics and Incentives: A Political Approach," American Political Science Review, Feb, 2006, pp. 29-39. Grant distinguished three forms of power: force, exchange, and speech. My third category of attraction is broader by including charisma and example as well as persuasive speech. (p. 32)

[17] Kramer, p. 95.   See also Hargrove and Doig,

[18] Richard S. Tedlow, " What Titans Can Teach Us," in Harvard Business Review on Breakthrough Leadership, p. 74.

[19] The Prince, Chapter

[20] Max Weber, in Kellerman

[21] Khuranna, pp75-6

[22] Rakesh Khurana, Searching for a Corporate Savior: The Irrational Quest for Charismatic CEOs. (Princeton University Press, 2002

[23] O'Connor et al, "Charismatic Leaders and Destructiveness: An Historiometric Study," LQ 6, 4, 1995

[24] Dongil Jung and John Sosik, "Who Are the Spellbinders? Identifying Personal Attributes of Charismatic Leaders," Journal of Leadership and Organizational Studies, 12, 4, (2006), pp. 23-4. See also Jay Conger, "Charismatic and Transformational Leadership in Organizations: An Insider's Perspective on These Developing Streams of Research," Leadership Quarterly, 10, 2 (1999); and Boas Shamir, "The Charismatic Relationship," Leadership Quarterly, 2,2 (1991).

[25] George Edwards, On Deaf Ears

[26] Janice Beyer, "Taming and Promoting Charisma to Tame Organizations," Leadership Quarterly, 10, 2 (1999) pp 307-30

[27] James McGregor Burns, 1978, Bernard Bass

[28] Bernard Bass,

[29] Goleman, Boyatzis, and McKee, "Primal Leadership," in ibid., p. 44

[30] The operational concepts can also be confusing if the dimensions do not co-vary. For a critique, see Gary Yukl, "An Evaluation of the Conceptual Weakness in Transformational and Charismatic Leadership," Leadership Quarterly, 10, 2 (1999), pp 285-305

[31] See Robert Caro, Master of the Senate

[32] quoted in Neustadt, Presidential Power

[33] See David G. Winter, "Leader Appeal, Leader Performance, and the Motive Profiles of Leaders and Followers: A Study of American Presidents and Elections," Journal of Personality and Social Psychology, 52,1 (1989) 196-202, and Dean Keith Simonton, "Presidential Personality: Biographical Use of the Gough Adjective Check List," Journal of Personality and Social Psychology, 51, 1, (1986), 149-60

[34] Michael Mumford and Judy Van Doorn, "The Leadership of Pragmatism: Reconsidering Franklin in an Age of Charisma," Leadership Quarterly 12 (2001), 279-309

[35] "All in a Day's Work," Harvard Business Review, p55

[36] See Daniel Goleman, "What Makes a Leader?" Harvard Business Review, Nov-Dec 1998, 93-102

[37] Goleman, Boyatzis and McKee, p. 28,33. See also Joyce Bono and Remus Ilies, "Charisma, positive emotions, and mood contagion," Leadership Quarterly 17 (2006), p330.

[38] Kramer, cited.

[39] Ibid, p. 45

[40] Kramer, cited, p.

[41] Professor Jay Lorch quoted in Harvard Magazine

[42] Mayo and Nohria

[43] In this sense, it is similar to "judgment" that is stressed by Nan Keohane, Perspectives on Politics

[44] Cynthia Tragge-Lakra in "All in a Day's Work," p. 65

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[46] See Siobhan,

[47] See Heifetz on leading with and without authority

[48] See Jeswald Salacuse, Leading Leaders: How to Manage Smart, Talented, Rich and Powerful People, American Management Association, 2006

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[53] Howitt and Leonard,

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[55] John Kotter,

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[57] Lawrence Wilkerson, Wayne Downing

[58] Fred Greenstein, The Hidden Hand Presidency

[59] See David Abshire, Saving the Reagan Presidency. Also, David Gergen, Witness to Power

[60] Tom Peters, "Leadership," in Breakthrough Leadership, p143