

# *Systems Leadership*

Creating Positive Organisations

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# Preface

Today's organisations provide for most of our needs as individuals and as a society. It is largely through our organisations that we take actions today that will influence and shape our future. In the industrialised democracies, the majority of citizens are employed in such organisations. The quality of our lives is dependent on the quality of work that we carry out in organisations, which in turn depends upon the quality of the workforce and its leadership.

The degree and rate of change in technology; global competition; process innovations that tightly link relationships among suppliers, producers and customers; and changing social and political relationships make leadership more complex and difficult.

However, many leaders and commentators see those changes as being driven by technology, or 'markets'. While a great deal of money is poured into new technical processes and their development, the understanding of their impact and dependence upon social processes is underrated. The critical work of people can easily be underestimated.

It is as if we do not see the need to develop such a deep understanding of social process as we do of technical process. We assume that somehow people will cope and that if help is needed in this area there are plenty of short cuts; ideas that in retrospect are fads – a few principles, steps or rules that seem to simplify the most complex problem. When they fail, there are plenty more available.

This book does not offer fads, short cuts or magic. It recognises that leadership is difficult and hard work; that people are complex and have opinions. It recognises that, if an organisation is to be successful, then understanding the social processes is just as important as understanding the technical or commercial processes. People should not be taken for granted; goodwill is not inexhaustible.

If leaders *do not* understand people and how they view the world, they will fail. If they *do* understand people, they have a chance to engage the knowledge and creativity embodied in everyone. Technology can be bought or sold. Two organisations can have the same technology. No two organisations have the same workforce or the same leaders. Having the right people in the right place at the right time is difficult but immensely rewarding for both the organisation and the people in it or doing the right work associated with it.

Many leaders will say 'people are our most important asset'. Yet their behaviour contradicts this every day. Even describing people as an 'asset' or as 'human capital' shows a lack of understanding that people are living beings with a will of their own. This will can be directed to the benefit or detriment of the organisation.

Creating a positive organisation is not easy; even for the more serious leader or student of organisations there are difficulties. What theory, method or model is relevant? One problem is that often concepts are disconnected. There is one theory for structure and another for systems, yet another for team-building and more for leadership, management, capability,

There are three areas in life where people seem particularly vulnerable to fads and short cuts: dieting, parenting and leadership. We seem to want to hear about a magic, quick and easy solution. If that is your view about leadership, this book is not for you.

succession planning, building trust, change processes, transformation, process re-engineering and so on.

Leaders have found that too many management ‘theories’ are not really theories at all. They are presented as magic. They tell you what goes in and what comes out, but you don’t know what happens in the ‘black box’ in the middle.

They make assertions, followed by stories of a few exemplars who have had success. There is no context, no linking of cause and effect – no linking of action to outcome. There is no statement as to how and why it works, nor is there a statement regarding conditions where it will succeed or where it is likely to fail. Too often managers find themselves in the position of the old Indian Chief in the movie *Little Big Man*: when his prediction did not come true, he said, ‘Sometimes the magic works and sometimes it doesn’t.’

As a consequence members of the organisation just wait for each wave to pass. Contradictions in the ‘theories’ lead to contradictions in behaviour. The workforce becomes more cynical and Dilbert becomes an international hero.

Micklethwait and Wooldridge (1996: 60) perhaps say it best: ‘... from the management industry’s viewpoint, the beauty of the system [where one management theory rapidly follows on from another] is that none of the formulas work – or at least they do not work completely as the anguished and greedy buyers hope. The result is enormous profits for the gurus but confusion for their clients.’ In one organisation that had pursued fad after managerial fad, the managing director said, ‘We put a lot of planes in the air; we are very good at take offs, but not very good at landings.’

Such fads also leave behind real fear and anxiety, as well as considerable human wreckage. At the most basic level, managers and workers fear losing their jobs. Managers also find contradictory advice not only frightening, but disorienting. As one recently promoted senior executive, with a highly successful 30-year career, put it, ‘I don’t know what my job is, and I’m afraid someone will find out.’

Our work suggests he is not alone. The ways we perceive the world, absorb information and turn it into useful knowledge still have much in common with our ancestors. We need safety and security, recognition and esteem. We hope to succeed, but we must live with the fear and insecurity of our imperfections. Working in today’s social, political and economic environment takes great courage. It would be helpful to have some sound advice.

## Purpose

The purpose of this book is to present a coherent conceptual framework that explains why people behave as they do in organisations. This in turn can guide leaders of such organisations along the path of creating the conditions that encourage genuinely constructive and productive behaviour. In short, this book is about how to build a positive organisation.

To achieve this purpose we present a set of concepts and models that predict what will and will not be effective in organisations regarding leadership, systems, staffing and structures. Rather than providing a set of prefabricated solutions or recipes for success, our purpose is to provide you with tools that help to create more effective leaders and build a positive organisation. Using these tools, managers and leaders have found they can greatly, simultaneously, improve the working lives of people in their organisations and the performance of the organisation as they gain greater understanding of the underlying values and social processes in the world around them and in turn more effectively achieve their purpose.

## Overview of the book's content

First, we should point out that this book is not intended to be a complete primer on management. We focus on human social processes and relationships. We do not present a complete picture that would include financial, technical or legal elements of leadership and organisations. These are available in other publications. We do, however, try to show the links to these other important areas of organisational practice.

This book is written to help leaders create conditions that actively encourage people to use their capabilities in achieving constructive goals.

We argue that this is not a matter of applying a few simple rules. It is not easy because elements of an organisation are connected. The structure is influenced by systems and in turn influenced by the capability of people. The quality of leadership, clarity of work and role and the underlying nature of relationships all help to determine how an organisation runs. This is why understanding these relationships requires a coherent, overall, conceptual framework from which a set of tools can be fashioned to help understand and manage these relationships. There is no short cut, no silver bullet. We have found, that for many leaders of organisations understanding this material gives a structure and meaning to experience. It gives 'common sense' a rationale. We have had many good, leaders say to us how these ideas gave form to what they do intuitively and filled in the gaps; helping them understand why some actions worked and others didn't.

This book is about how to build and run a positive and successful organisation. Success is defined as:

- achieving the organisation's purpose;
- providing work to match and challenge the capabilities of employees/members;
- providing appropriate recognition and reward for that work;
- making a positive contribution to the society within which the organisation operates (or a range of societies in the case of multinational and international organisations).

Running a successful organisation over time cannot be done by charismatic leadership alone. There need to be structures and systems that can survive individuals. Therefore this book is organised and written to build from very general statements and propositions about human behaviour to very specific examples of implementation in particular contexts.

Each part of the book builds on the previous part and will not make full sense without understanding the basic propositions made earlier.

## In summary

Part 1 explains the basic principles of human behaviour which are relevant to social organisation. It is about how we make sense of the world and how we influence, and are influenced by, others.

Part 2 sets these principles in the context of particular types of organisation and shows how constructive behaviour can be encouraged or distorted. It lays the foundation for effectively organising work and it examines the nature of work and organisations. Students of Jaques will recognise the linkages to his work and the work of his colleagues. We also highlight some significant differences. This part concentrates on the basic purpose and structure of

organisations, what is meant by a meritocracy and how that reflects the nature of human capability. These are the basic building blocks, and the foundations.

Part 3, Systems Leadership, builds on this foundation to explain the elements of systems leadership that help the organisation run and live. It puts the flesh and blood on the skeleton of the structure. It is the human component: how leaders build culture, use their authority, build teams and create a living organisation which can act as a positive force within society.

Part 4 turns to the very practical lessons of how to implement and sustain positive changes using the concepts dealt with previously. It clearly states the necessary conditions for success and how they are underpinned by the design and implementation of effective systems. It also highlights the traps and dangers of change programmes and warns against the exploitation of goodwill and the need for consistency of purpose and leadership.

Finally, we have included a range of case studies, real practical examples of the use of the concepts by leaders and some of the expected and unexpected benefits of applying systems leadership. These can be found on the CD ROM attached to the book.

The theory and managerial practices presented provide analytic tools, a methodology, and logic for good management and leadership practice. They can never, however, take the place of the managerial judgment that is the lifeblood of the organisation.

It is vital that this distinction be understood, as it is the common thread throughout the book. We emphasise the difference between *necessary* and *sufficient* conditions. Too often organisational texts suggest we can create systems that provide *both* the necessary *and* sufficient conditions for success. We believe this is a misguided quest that ends in the creation of organisations and systems that function as straitjackets. When such systems are implemented they lead to frustration and failure. Eventually, if the organisation is to survive, people will simply get round them.

Once again: theories and systems can only provide the *necessary* conditions; the *sufficient* conditions must be provided by human judgment. We will discuss the elements that properly set the limits on managerial judgment while at the same time allowing (and requiring) managers to exercise their judgment. We respect the right and necessity of each manager to make such judgments, and none of our propositions should be seen to conflict with that right and necessity.