# Leadership: From Charisma to Character

Nandani Lynton

A favourite subject of historians has been great men – occasionally great women – since Homer sang about Odysseus. In the last decades, psychologists and management theorists have focused on contemporary great men – usually CEOs – in order to define leadership characteristics and establish skills inventories for use by HR and leadership development departments. Yet this exercise does not seem to have improved our ability to nurture and select sustainable leaders consistently.

To a great extent, this characteristics-and-skills approach has focused on functional knowledge and personality traits. In reality though, most leaders are chosen because they come across well and they have strong, big personalities. Most are male; they are even physically taller than the average employee; and they have voices a half-octave lower than average. They are warm and they can tell a great story. They have charisma. They talk the vision and make individuals feel special, feel spoken to. However, recent research shows that people who think highly of themselves often overreach, believing they have more control than they actually do (Fast et al. 2009). This means big personalities tend to make big mistakes. What they are missing is the discipline of reflection, of testing their assumptions and of assuming that rules apply to everyone – present company included: in short, what we will call 'character'.

'Character' refers to a person's moral or ethical qualities, especially integrity, but it also includes traits like honesty and courage. Character is different from personality in that character implies making the choice to act in line with one's principles. Ideally, character determines a person's reactions regardless of the circumstances but, in fact, character is constantly tested and may not always be strong enough to resist temptation. Leaders are in particularly thorny positions for, as Abraham Lincoln observed: "Nearly all men can stand adversity, but if you want to test a man's character, give him power."

This article reviews first some of the recent cases of charismatic leadership gone wrong and its impact on the public. It then considers recent research on character in leadership especially in the light of changing attitudes among the younger generation. Drawing on extensive experience working with leaders in the US, Europe and Asia, the article closes with observations of a trend towards a character-based leadership model in business.

**Bad Behaviour and its Impact**

An expert on the magical power of the word 'strategy', Andrew Rumelt (2011), dislikes the way "ritual recitations tap into a deep human capacity to believe that intensely focused desire is magically rewarded". But that is exactly how people react to charismatic leaders.

Leadership literature would fill library rooms and much of it is focused on individuals, detailing personality traits and telling stories of great men. In *Exploring Leadership*, Bolden, Hawkins, Gosling and Taylor look at popular television programs such as The Apprentice or The X-Factor as evidence that the public wants leaders who seem special, which usually means they are "glamorous, charismatic people who attract strong followings." Witzel (2011) underlines this: "In other words, we tend to follow people who are good looking, well-spoken and have nice personalities, regardless of whether they are any good at actually leading."



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In exasperation at the shareholder-value-led models of leadership, Paul Lawrence turned to Darwin for a broader human view of what drives leaders and followers. His *Driven to Lead: Good, Bad and Misguided Leadership* (2010) identifies four innate drives to survive and belong that need to be balanced for healthy leadership. These drives are:

1. To acquire in order to ensure continuity
2. To defend what we have
3. To comprehend our world, and
4. To bond with our fellow human beings.

After testing this in hundreds of firms, Nohria, Groysberg and Lee (2008) proposed a model for motivating employees that balances these four drives.

When the drives are out of balance, people grow anxious and fearful so the drive to protect what they have becomes strong, as Maslow (1943) showed long ago. This explains why we tend to choose the leaders we believe will keep us safe. Having put our safety in their hands, when the leader falls, he or she damages more than their organization, their peers, and their family. They fail the population who yearn for role models. And their failings have economic consequences – most recently demonstrated by the impending financial collapse of Greece and, following the arrest and subsequent resignation of Dominique Strauss-Kahn, by a leaderless IMF trying to pull together the rescue.

It is not just politicians who fail. In 2002, Percy Barnevik's name and face graced the cover of business and news magazines around the world, proclaiming ABB the company of the future. He enjoyed a wonderful reputation until the pension scandal broke, and he was forced to resign from his position and pay back half of his pension payment. Likewise Jack Welch, who was loved for results and hated for abusive power practices. At retirement he left his long marriage for the journalist who wrote his biography, prompting his estranged wife to air details of how he continued to have General Electric pay not only for private jets but even for toilet paper. In both of these cases, money was a symbol of recognition and importance.

This spring in one of China's most successful international companies, global information and communications technology solutions provider, Huawei, the founder and CEO, Ren Zhengfai, was preparing for dynastic succession as he tried to push aside the popular chairwoman Sun Yafang to make room for his son, Meng Ping. Within Huawei and then on the active Chinese blogsphere, Ren's blatant act of nepotism was decried to the extent that the government intervened to stop the family succession plan.

As I write, Silvio Berlusconi faces trial in Italy on charges of corruption, tax fraud and sex with a minor, while Italy's credit rating falls; and Rupert Murdoch is questioned in the UK by a House of Commons Committee over allegations that he was aware of the practice of phone hacking by journalists in one of his newspapers. Every day in busy hubs, someone falls for financial or business misdoings, sexual involvements, addiction or abuse. The social costs translate directly into a net negative wealth effect for society.

We must expect more from our leaders.

**A Call for Character**

Research by Nathaniel Fast et al. (2009) demonstrates that power goes to people's heads. Experiments gave participants an illusion of personal control, by having them recall times of feeling powerful and successful before they solved problems. The results led the authors to conclude "power may cause people to lose touch with reality so that they make overconfident decisions".

We have seen many of these overconfident people fail as leaders. The cost is too high because some positions carry inherent responsibility - not only for specific results but also for the impact the role has on others. They are an important part of shaping the context that, in turn, shapes the organization and the people working there (Trevino & Brown 2004).

Individual leaders are crucial as role models, guides, and guardians of cultural and corporate values for others in their organizations. Scandals in the early 21st century including the fantasy results reported at Enron and certified by the assumed reputable auditor Arthur Andersen, and the mortgage packaging by the rating agencies that led to the current financial crisis, illustrate what can happen when leaders foster a culture enabling executives to feel so special they can outsmart accepted rules or create instruments outside the spirit of the rules. Leaders in both Western and Eastern contexts would do well to heed Aristotle and Confucian philosophy, which states that the moral example is central to civilization. An educated, correct father will develop an evolved family. A morally upright leader will build an evolved state. And Kiel and Lennick (*Moral Intelligence*, 2005) would add that a CEO with integrity will lead a successful organization for the long term.

There have been many approaches to looking at the impact individual leaders have on large organizations. Jim Collins has consistently followed this theme evidenced in his *Good-to-Great: Why Some Companies Make the Leap... and Others Don't* (2001) and *Level 5 Leadership* (2005). Using extensive data from interviews with leaders and subordinates in a range of organizations, Collins tracks the crucial role of good leadership in building and running strong organizations. In *How the Mighty Fall* (2009), Collins explores the other side of the coin, describing how leadership that becomes too convinced of its own good judgment can slowly turn inwards, closing out contradiction and external feedback until it can no longer see past groupthink, or serve the market. Kiel and Lennick (2005) causally link principled leaders and the


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good business results of their companies. This research makes the case that a leader's main role is to hold and communicate the vision for the organization. Leaders must be visible models for how to act and what to strive for. If they communicate a clear vision, then others in the organization can choose to align with their principles or leave.

Rosabeth Kantor blogs about Rupert Murdoch as "the latest in a series of CEOs who become the story when their companies are caught in scandals, because their rise has been accompanied by shoving, bullying, and disdain for the concern of others" (2011). Instead, Kantor calls for executives to invest in behaving graciously, making friends and acting with honor and integrity. This sounds like a call for character.

Significantly, the upcoming leadership generation responds to character. My research using surveys and in-depth interviews of 600 urban and educated members of Generation Y in China, South Africa and Chile show that even in these dynamic markets characterized by change, growing materialism and corruption, the younger generation attaches great importance to ethics and integrity. They rate purpose – individually and in organizations – highly, and they seek role models at work. In China, especially, young people will respect a boss who lives strong values equally at work and in private life, and they leave companies that do not live up to these expectations (Lynton 2011a). This attitude is similar to that recorded in the literature on Generation Y in the West, which emphasizes Generation Y's commitment to community and therefore, to selecting employers based on their Corporate Social Responsibility programs (e.g. Fritzson, Howell & Zakheim 2008; Hewlett, Sherbin & Sumberg 2009).

**Perhaps Times are Changing**

The 20th century executive macho is out. This applies to individuals as well as to organizations. Since before Henry Ford started the modern assembly line, successful leaders in most countries have been male and paternalistic, and they pretended, at least, to follow the rules. The old boys' club, the networks, the centralization of power at the top have assured success for some, if not all.

Based on changes in media reporting, it seems the public tolerance for misdoing is shifting. Consider the differing reactions to the sexual exploits of Franklin D. Roosevelt, John F. Kennedy, Bill Clinton, John Edwards, and Arnold Schwarzenegger. By gentleman's agreement with the press, Roosevelt's private life was not discussed; Kennedy's was unrelated to his political career and, in fact, it gave him an air of glamour and attraction. Bill Clinton was impeached, lost respect but remained prominent. Yet an affair ended John Edward's political career overnight. And Arnold Schwarzenegger lost his marriage and millions in halted projects after news spread widely of the child he fathered with his housekeeper.

Europe is different in terms of history and culture. In France, the press did not mention Francois Mitterrand's second family or Jacques Chirac's multiple mistresses (Deloire 2006). But the scandal around Dominique Strauss-Kahn started an outpouring of reports from women feeling harassed, which, in turn, prompted reflection in France on the tendency of the French press to silence such stories. European newspapers discuss whether this new openness will end since the case against Strauss-Kahn has been dropped, but a change has already begun.

What exactly has changed? In business we saw last year that, when their philandering became public, sports and popular figures Tiger Woods and NBA star, Kobe Bryant, lost seven-figure sponsorship deals because they were no longer considered role models. Are companies just conforming with superficial public morality and afraid of the media?

It may be something deeper. My research on Generation Y shows that they do not accept these 'privileges' of power (Lynton 2011b). The youth are not just idealistic; rather, they judge that bad behaviour is simply not 'cool'. It is increasingly seen as a sign of immaturity and a lack of self-control. Such behaviour shows the person did not calculate the costs of a choice. Why would you be so stupid?

Berlusconi's continued tenure may seem like a contradiction to my argument but, talk to younger Italians about their views, and they express their concern about his leadership, and, recently, even his business backers are calling for the government to step down. Writing in the Financial Times, Conrad Black (2011) discusses Murdoch and the context in which he functioned, saying: "There must be a reckoning with decades of established cowardice towards someone whose nature has been well-known throughout that time. The fault is in the British establishment's and it must not be seduced and intimidated, so profoundly and durably, again."

One must ask why it is difficult to find examples of women who misbehave in powerful positions. They do exist, but the typical missteps are different. Female bosses, too, can become unpleasant and critical – Leona Helmsley, the hotel magnate was nicknamed the "queen of mean" and was convicted of tax evasion - but the cases of ethical misconduct per capita are few. This may be because, on average, women exhibit higher levels of empathy and social connection than men. McKinsey's Balanced Leadership model originated from their study of female executives but soon became a measure for leaders of both genders (2008). The model emphasizes the use of positive emotions, and connection and framing which, in turn, encourage reflection. Exploring the gender side of this issue would extend the limits of this article but it should be pursued.


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**A Trend to a New Kind of Leader**

Business leaders are not supposed to be angels: they are there to do business and make a profit. But there seems to be an increasing emphasis on values. Research in China shows that Western and Chinese leaders develop their ethical senses differently: Westerns use selfreflection to create mindfulness while Chinese leaders identify with group values and draw on images of nature and traditional philosophy to enhance their awareness.

Conversations and interviews with Chinese businessmen suggest they see that compliance based on law alone is not enough. A member of the Shanghai government said "Unless the leaders of a company have morals and love, they will not be able to answer questions that companies must ask: How should we act? How should we treat people?" Following on from scandals about a lack of attention to safety, business people are saying they need to be honest to earn the public's trust, which is capital for sustainable development. In other words, no moral credit, no trust, no cooperation, no business. In his books on Buddhism, Yu Tijun, businessman and author, points out that companies must have integrity and heart in order to survive. If your customers are sheep, you shear them, not skin them, he says (Lynton & de Bettignies, 2009).

A young Chinese business leader in Shanghai explained: "I am a Daoist, which means I believe things work out best on their own energy. When good things happen, don't disrupt the energy. In an organization, if you can create liveliness and spark, new ideas will come...The traditional Chinese values are mine. Go the middle way, go the natural way" (Lynton & Thogersen 2009). Many Chinese business leaders arrange matters such that they and their staff are motivated to sacrifice themselves for the common goal.

As reflection is the main path to ethical awareness in the West, leaders are responsible for reflecting on their behaviour, for being aware of their weaknesses, for spending time securing feedback, and for working on their danger areas. There are assessments of potential derailers; there are coaches and books and friends that can help. Fast et al. (2009) write that: "One way people in power can guard against this [overestimation of themselves] is to place themselves into a deliberative mind-set, focusing on the pros and cons. This takes a great deal of discipline, however, as the tendency after taking power is to move straight to action". So leaders should be encouraged to do moral health checks. And in turn, organizations need to provide support through tools such as regular 360° reviews and post-project debriefings; and these should apply to everyone.

Increasingly there are voices helping leaders with the quest to be authentic, whole persons. Friedman (2008) lays out steps he uses with executives to aid them in balancing their personal and professional lives. Schwartz and McCarthy (2007) encourage executives to raise their overall life productivity by paying attention to the four domains of physical, mental, emotional and spiritual energies. There has been a move to focus on leaders' authenticity, as researchers note that leaders must bring their whole person to the table in order to be perceived as sincere (e.g. George & Sims, 2007).

The environment today is ever more complex, diverse, interconnected and rapidly changing; the influence of the media is also ever more present. In this context, it takes clarity about core principles to work effectively and reach good decisions. Leaders are important role models who set the tone for the organization; this means they need to walk the talk, demonstrating congruence in personal and private life more than ever.

Choosing leaders because of their strong personalities and charisma was accepted in the past. It is no longer sustainable in the future.

BIOGRAPHY

Nandani Lynton is on the faculty at CEIBS (China Europe International Business School) where she teaches on programmes for industry and government. Her research topics are comparative Chinese and Western leadership, the impact of diversity on executive team performance, and understanding the upcoming generation of leaders - Generation Y- in China, Europe, South Africa and Chile.

Nandani focuses on how to best develop effective leadership in global organizations. She leads seminars and consults on the implications of globalization around the world. Her topics include developing cultural agility as the new competitive edge, structuring the organization for entering new markets, and effective cross-border management as a global success strategy.

With professional experience in 45 countries on 6 continents including living extensively in India, USA, Germany and China, Nandani has worked with large organizations in the USA and Germany, ran an organizational consulting firm in China, and was Vice President Asia of Thunderbird School of Global Management before joining CEIBS. She holds an MA and PhD in Cultural Anthropology from Cornell University.

Nandani is a member of the Council of Senior Advisors of the FrED Forum, a thought leader for Criticaleye, and advisor to Uplift-Aufwind, a social development NGO in Central Asia. She publishes in leading journals including Harvard Business Review, Organizational Dynamics, Zeitschrift für Politische Beratung and Bloomberg Businessweek. She holds keynotes at corporate and public conferences including World Economic Forum Summits.

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