WHATEVER HAPPENED TO RESPONSIBLE LEADERSHIP?

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Six years ago, we wrote in the *Hansar Executive News* that fashion rules as much in management as it does in other walks of life. "Charisma, rated the most valuable attribute in enabling business leaders to respond effectively to (a rapidly changing) business environment, is now very definitely out of fashion. Goodbye charismatic CEO, welcome back Organization Man?"

At least we can take solace from the fact that we added a question mark at the end. Human history is long enough for us to realize that society has an unfortunate habit of lurching from one extreme to the other. In fact, the world has rarely been more polarized than it is today. And what goes around comes around…

So we might conclude that Organization Man and Woman, reinforced with the credo of process optimization, have had their day. Expressed in such terms as 'deliverables' and 'metrics', accountability is avidly practiced within corporations. But what about a corporation's accountability to the world outside?

We need 'best practices' in order to progress, but we now see that best practices are not the long-term answer on their own. Taken to an extreme, they can stifle the best intentions, as a senior underwriter in a mortgage lending operation discovered: "It wasn't about the quality of the loans; it was about the numbers. They didn't care if we were giving loans to people that didn't qualify. Instead, it was how many loans did you guys close and fund?"

At the time of that article, we also said that "much of the blame can be laid at the door of the management media, even at some of the business schools and even at the corporate wiz-kids themselves and their PR advisers." In the same year of 2002, Federal Reserve Board Chairman Alan Greenspan said that "infectious greed" had contaminated US business. Today we can say that the bellying-up of the financial world owes as much, in Steve Forbes' words, to the fact that "our central bank behaved like a bartender who continues to apply low-to-no-cost booze to already inebriated customers" such as corporate and retail bankers.

The Age of Unaccountability

So where does this leave corporate management? The gospellers of corporate governance would have us believe that, ultimately, the buck stops with the boss. But is the boss really in charge any longer?

Look at the banking world and you have to conclude that the accountability rested – and rests – with individuals. Recent events at the French banks, Société Générale and Caisse d'Epargne, provide ample evidence of something that is a reality; that, in the fast-moving and entrepreneurial environment of trading desks, there is really little room for corporate governance. The responsibility rests with the individual. Things move so fast that management accountability is almost irrelevant.

In a letter to the editor of *The Economist*, a Swiss banking consultant (no less!) said that: "there are very few examples of leadership or teamwork in the banking world. There are hardly any (good) role models to follow, managers with little experience of management, no loyalty, and no corporate conscience, all of which leads to a lack of collective responsibility."

The scene shifts when you look at the corporate world generally – a world that may have contributed to the present situation because of the corporate money lust that spoke in terms of double-digit returns, IPOs, day trading and stock options…

Here, in the corporate world, the dominant development in recent times has been the emphasis on project teams in all areas of endeavour: R&D, management, strategic planning, etc. Many of the sensitive issues that used to be the domain of top management are now in the hands of people further down the line. And how can top management police the activities of these project teams? They are certainly focused on team performance, but team ethics? And where does this leave corporate governance?

It looks more and more, on recent evidence, as if corporate governance is a chimera. In a increasingly competitive and fast=changing global market – it already was, and will be even more so from now on – responsible leadership is a virtually impossible challenge. As the saying goes, "when the music plays, you get up and dance." Nobody wants to be a wallflower.

One of the answers to achieving greater corporate responsibility is to open the door wider to those in a company who want to voice their concerns, so that all employees share the task. It sounds like a good idea but will be difficult to realize because of the uncertainties of human nature.

Another answer – already adopted by some corporations – is to nominate a free spirit at board level to act as the 'corporate conscience'. Again, a good idea, but how does one prevent such a person being suborned by the board?

Balancing integrity with success

So the ultimate responsibility comes back to the CEO, an issue that hangs like the Sword of Damocles over top management today. How do we make leadership more responsible? And what, in future, will be the role of the CEO?

So far, while lip service has been regularly paid to corporate governance, little evidence has been available of its day-to-day application inside companies. Value systems and mission statements take the limelight, often with little substance to support them. It was John Kenneth Galbraith who said that one of man's oldest exercises in moral philosophy has been the search for a superior moral justification for his selfishness.

Much-lauded executive attributes like vision, charisma and leadership skills tend to push personal integrity into the background. Yet integrity is the keystone that holds everything else together. Authenticity in a manager – one of the outward aspects of integrity = is the surest way to win the loyalty of a team. Many senior executives have learned to their cost that, if you don't really believe in what you are saying or doing, then you will never earn the creditability essential to success. People may follow your orders, but not respect you for them.

One aspect of such integrity is personal dedication to the challenge of good governance. Stewardship is ultimately a personal undertaking that demands individual commitment, allied with alertness and an instinct for flushing out the more troublesome features of corporate life. It requires conscience, tact and endurance – all paramount qualities in an effective chief executive.

When all is said and done, personal integrity is perfectly compatible with business success. It just requires a very determined person to make sure it happens.