

# The Essence of Leadership

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## Brief abstract:

We recognize that superior leadership can challenge people to higher targets with more serious minds. Indeed, motivation theory in the fields of management and of social psychology aims to encourage people to make greater efforts towards higher objectives. However, higher targets introduce higher rates of failure, and greater effort introduces a higher level of disappointments in the case of failure.

In brief, encouraging people to strive for higher objectives with greater motivation is likely to lead people to greater disappointment. Therefore, I think that leadership theory must ideally incorporate a theory on the management of disappointment. I think that teaching ways to manage disappointment is one of the most important elements of leadership<sup>1)</sup>.

## Key words:

hypothesis for human beings, Maslow’s hierarchy of needs, bounded rationality, organisational effectiveness, organisational efficiency, matrix of progress and corruption, management of success and failure, progressive leadership, sublimating objectives, aesthetic leadership.

## 1 . The mission of Social Science

In Japan, there were over 30,000 suicides from 1998 to 2011. In the last year, although the number was less than 30,000, it was still roughly 28,000. In Russia as well, the rate of suicide has

been very high. Of course, the causes of suicide are varied. However, there are likely many cases concerned with disappointment related to failure.

Can social science be useful in resolving this extremely serious social problem? We social scientists have some theories on organisation, motivation, human relationships, and decision-making. Are these theories useful in resolving this grave social issue? I believe the theories of social science should be useful for finding solutions, and that is the main theme of this article.

## 2. Organisation Theory

### 2.1 Hypothesis for Human Beings in Organisation Theory

In theories of social science and human science, there are hypotheses related to human beings. For example, in classical management theory, the hypothesis of the “Economic Man” is dominant in theory of economics<sup>2)</sup>. Economic Man hypothesis consists of two semi-hypotheses. The first concerns egoism, and the second, rationalism. In market activity, producers and consumers are hypothesized to act quite egoistically and rationally. Of course, this hypothesis is extremely simplified. However, many parts of simple business behaviour and consumption activity can be explained by this hypothesis.

On the contrary, the theory of human relationships is that human beings usually regard harmony as important especially within their groups. Moreover, human behaviour is typically based on emotional decisions rather than economical rationality. This phenomenon is called “Emotional Man Hypothesis”<sup>3)</sup>.

A. Maslow hypothesized that human needs are constructed from five hierarchies<sup>4)</sup>. The first of the hierarchies, indicating the most fundamental need, is the physiological needs for breathing, food, water, and sleep. The second need is safety, which is concerned with security of body and of employment. The third need is belonging and is concerned with friendship and family. The fourth one is self-esteem which is concerned with respect from others. The final need, self-actualization, is concerned with creativity. Effective leadership must consider these various needs of human beings.

Within organisation theory, systems theory’s “whole Man” hypothesis suggests that human beings have bounded rationality<sup>5)</sup>. This hypothesis includes three important aspects of human beings. The first is the physical side of man, that is, weight, height, bulk, and so on. The second is the physiological side of man, related to breathing, feeding, maintaining a steady temperature, and so on. The third one is the social side of man, relating to social class, prestige, human relationships, and so on.

Systems theory hypothesizes that human behaviour can be divided two types. The first type is

formal organisational behaviour, within formal organisations, and the second one is informal personal behaviour, which takes place outside of any formal organisation. In formal organisational cooperation, people behave as a function of the organisation. On the other hand, people behave personally outside of formal cooperative behaviour. In sum, people have two personalities, organisational personality and private personality.

## 2.2 Effectiveness and Efficiency

Leaders of organisations must realize the effectiveness and efficiency of the organisation. Chester I. Barnard states that the effectiveness of an organisation is concerned with the organisation's performance of its formal objectives<sup>6)</sup>. On the other hand, organisational efficiency is concerned with the satisfaction of the members of the organisation.

Both effectiveness and efficiency are necessary for the smooth functioning of the organisation. Effectiveness directly influences the attainment of organisational resources. If effectiveness is low, the organisation cannot acquire sufficient resources. Efficiency directly influences the motivation of the organisation's members. If efficiency is low, the organisation cannot gain sufficient contribution from its members.

Therefore, the leader of the organisation must set up formal objectives and use rationality to separate these into sub-objectives. At the same time, the leader must coordinate rewards for each member of the organisation. Furthermore, the leader must address the emotional affairs of the organisation's members.

Rewards refer to physical, psychological, and social inducements. Simplistically, the reward for the organisation member minus the member's contribution to the organisation is the member's net satisfaction.

Organisation members include not only the employers and employees but also customers, stockholders, and all of the other organisations in any transaction, for example, other companies, banks, and the government. All of these contribute to the organisation in exchange for some inducement. For example, customers pay a price in exchange for goods or services, stockholders invest in exchange for a share, other companies supply resources in exchange for certain prices, and banks supply money in exchange for interest payments. These contributions from various people or organisations are quite the same as the contributions from the employees in exchange for wages.

The leader of the organisation must evenly distribute inducements to these various stakeholders. Again, it is important to understand that inducement does not mean only physical reward but also psychological and social rewards. Moreover, the subjective valuation of a reward has signifi-

cant meaning for the efficiency of organisation members. Therefore, the leader of the organisation must consider not only the quantity or quality of the inducements for and contributions of various stakeholders but also their relativity, timing, and so on.

### 3. Managing Success and Failure

Both success and failure can be the causes of both progress and corruption. Therefore, managing success and failure is necessary for leading an organisation to progress and preventing corruption.

#### 3.1 Matrix of Progress and Corruption

Of course, everyone always want to succeed. However, success can often be the cause of corruption. Success can develop the opportunity for future progress with appropriate management.

We can assume a Matrix of Progress and Corruption in the form of following table.

	Success	Failure
Progress	① Confidence, Development of opportunity	③ Reflection, Improvement, Recognition of essence Sublimation of objects
Corruption	② Arrogance, Negligence, Dissipation	④ Loss of confidence, Dispirited feeling, Desperation, Collapse of personality

[Table 1] Matrix of Progress and Corruption

Condition ① reflects the positive condition exhibited in successful situations. For example, a successful person obtains his confidence by experiencing success. Although effort is an important for confidence, the experience of success is a very important stabilizer. Moreover, successful development of opportunity is part of the very aggressive sprit of the successful person.

Condition ② reflects a negative condition exhibited in a successful situation. For example, a person may be arrogant, negligent, or dissipated as a result of the overconfidence acquired through the experience of success. This disastrous result of success is ironically not unusual.

Condition ③ shows a positive condition in a failure situation. Reflection means diligently analysing one's own case of failure and oneself to increase the value of life. Improvement will be introduced by serious analysis of the failure. Recognition of essence means thinking deeply about the essence of the problems or about the mission of one's own life. Sublimation refers to recognizing higher and more integrated objects than one that was originally recognized as the final target.

Condition ④ reflects the most tragic condition in a failure situation. Of course, any person may temporarily be disappointed by failure. However, condition ④ reflects permanent disappointment or desperation. In the most serious case of ④, tragic suicide may occur.

The primary aim of managing success and failure is protecting members from falling into conditions ② or ④, or helping people rise from conditions ② or ④ to the conditions ① or ③.

### 3.2 Progressive Leadership

Progressive leadership reflects real confidence and the effort to develop opportunity instead of arrogance, negligence, or dissipation in successful situations. Progressive leadership in failure situations also reflects on the failure, the effort to improve, recognition of the essence of the problem, and sublimating objects instead of experiencing loss of confidence, dispiritedness, desperation, or collapse of personality.

The essence of leadership for the management of successful situations can be summarized in three elements as follows. The most important component is stabilizing confidence. To stabilize confidence, sufficient reward is necessary. Sufficient reward entails bonuses, leisure opportunities, and social prestige.

The second component is exhibiting progressive future design and establishing concrete processes for realizing future design. Moreover, leaders must explain the significance of realizing the future progressive design. This progressive vision introduces successful members to the process of diligent, hardwork.

The third component is making the effort to search for potential weak spots that luckily did not cause problems previously. Furthermore, analysing potential weak points and developing the resolution to overcome them are very important in preventing successful members from being arrogant.

The essence of leadership for management in failure situations is more difficult and more important than it is in successful situations. The essence of leadership in failure situations can be summarized as follows. Initially, taking the necessary repose is important. After the repose, the maturing process for identifying the real objective must begin. That maturing process should begin with straight analysis of the failure. Moreover, successful leaders must ask organisation members why they should make the effort and, why it is so very important. Leader must introduce members to this serious process for making useful improvements.

The following story is an example of sublimating objectives. A child desired to be a medical doctor because he was very proud of his father, who was a doctor. However, he failed the medical department entrance examination many times. Although he was deeply disappointed, he chal-

lenged himself repeatedly. Greater effort brought about deeper disappointment in his failure. Day by day, he was at risk of reaching condition ④. During this period, he considered his real mission in life quite seriously.

One day, he found a book that described an antibiotic. He found that innovative medicine could save billions of patients, far more than what one great doctor can accomplish. He decided that he should become a pharmacologist if his goal was really to save patients, regardless of the social prestige, high reward, and reputation associated with being a medical doctor. He entered the pharmaceutical department instead of the medical department with confidence and pride notwithstanding the lower social reputation and prestige.

In this imaginary story, the young man's final objective had been to become a medical doctor. However his final objective was sublimated through his failure experience to that of saving a greater number of patients. Why did he find the book about the antibiotic? If his father put it on his desk, his father must have been an excellent leader.

#### 4. Aesthetic Leadership

Of course, we need leadership to enhance organisational performance. However, what does leadership mean in hopeless situations? For example, what does it mean to be the leader, that is the captain, of a sinking ship? Whether the leadership is great or poor, the ship is going to sink.

In that situation, can we conclude that leadership has no meaning?

Apparently, even in such hopeless situations, we can distinguish highly motivated, orderly teamwork from confused, panicked behaviour. In the former case, high reliability and solidarity of members is maintained throughout the organisation. On the other hand, in the latter case, leadership loses meaning without any organisational performance.

This difference has very serious aesthetic meaning. Usually, we cannot easily find aesthetic leadership, but the moment that organisational behaviour terminates is a kind of destructive test for leadership.

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