

Chapter Five: model answers

Mini case 5(i): The charismatic Mr Chavez

Discussion point

Are charismatic leaders effective in politics?

Charismatic leaders can be effective politicians because much of what they aim to do is to acquire a following. Politicians need people to 'buy-into' the message that they are communicating, usually an ideology or a particular political aim. For the most part, politicians aim to influence voters to support them so that they attain positions of power. Having a charismatic personality may help to win over those they need to influence. They need to create a following and often a personality that is engaging, warm and persuasive can help achieve those aims. However, it is worth noting that charisma alone is often insufficient to create a following. There has to be some substance and integrity behind the persona to maintain the support of followers. For example, the notorious politician Jeffrey Archer acquired a significant following that allowed him to become an MP and later run for the Mayor of London. However, research by journalists into his past revealed a somewhat tenuous grasp of the truth. It was found that in previous court cases relating to his past he had committed perjury and was jailed. So, although charisma can help take people a long way to achieving their aims, it is not sufficient in itself to sustain a following. Nevertheless, if we look down the years at the most effective politicians and leaders of great causes, there is a large element of charisma that has helped them win people over. These may include Winston Churchill, Nelson Mandela, John F. Kennedy, Gandhi, and Martin Luther King.

Questions and tasks

Identify five personality traits that help to form a charismatic leader.

It is difficult to pinpoint five personality traits that will most certainly create a charismatic leader, as they may play out in different contexts and be perceived differently in different settings or cultures. However, five traits that have been known to be present in charismatic leaders are: intelligence, analytical skills, communications skills, awareness of how they come across to others, and emotional intelligence (an awareness of how to react to the behaviours of others).

Is charisma necessary to become an effective leader?

Charisma can help people become effective leaders, but is not on its own a sufficient trait to maintain the following of others. In some environments, such as sport and entertainment, a charismatic leader may take on added currency as the followers look to a leader who displays overt forms of communication through the force of personality. However, this is usually supported by referent power, that is, the followers bestow a position of leadership on the person because they have demonstrated an ability to perform the tasks required - as well as possessing of a charismatic personality. Boxing champion Muhammad Ali displayed both these requirements throughout his illustrious career. However, charisma may not necessarily play any role at all in leadership. UK Prime Minister John Major (1991 -1997) was often derided for his lack of personality, but it did not stop him from attaining the highest office in the land. In business, there are many leaders of large and important organisations who have a low public profile and do not need to project a charismatic personality to achieve their goals (Lord Hanson of *Hanson Trust*, and Carlos Slim Helu of *Grupo Carso* are two examples). Others seek a high profile to project their personality and use it to communicate a

profile of who they are and what they stand for (Alan Sugar of *Amstrad* and Richard Branson of *Virgin* are two examples).

Identify one charismatic leader from the world of business, politics and sport.

Students will inevitably have different answers to these questions, but the three personalities listed below serve as examples.

Business: Donald Trump (leader of the Trump business empire that has interests in media, property, leisure, travel, fashion among others);

Politics: Arnold Schwarzenegger (ex-Hollywood actor turned Governor of California);

Sport: Pele (an iconic ambassador for football on a global scale)

Mini case 5(ii) Pierre-Yves Gerbeau

Discussion point

What motivates workers to follow a task-oriented leader?

In some areas of industry, the task is the most important factor that influences followers. In industries that require high levels of intellectual dexterity or skill, very often it is the ability to understand what those skills are that earns the respect of followers. A task-oriented leader may not necessarily possess the skills but he or she would have to recognise their value and build their leadership around that concept. Workers in industries such as engineering, architecture, design, and so on will follow a leader who shares their ideals, understands what they do and values their contribution. Workers will become motivated if the leader makes overt signs of supporting their endeavours and ensuring that their needs are catered for. In some instances, the leader

exhibits a servant style of leadership to ensure the loyalty and support of followers who perform duties that the leader is unable to. The support for the leader in a task-oriented setting stems from the followers belief that the leader will support their needs and requirements to complete the task. This can be a fine balancing act as, sometimes, leaders may not be able to support fully the needs of followers. This may be for economic, political, legislative or logistical reasons. Here, the leader needs to be able to communicate the reasons effectively in order to maintain the following.

Questions and tasks

What is a 'turnaround' expert?

A 'turnaround' expert is a person who is brought in to transform a failing organisation into one that is economically viable.

Research the profile of Pierre-Yves Gerbeau and highlight three other organisations (apart from the Dome and Disneyland Paris) that he has worked for.

Pierre-Yves Gerbeau has previously been:

- Chief Executive of X-Leisure in the UK,
- Professor of Entrepreneurship and Corporate Rescue at the London Business School and Imperial College, and
- Captain of the French ice hockey team.

Define the characteristics of a task-oriented leader.

Characteristics of a task-oriented leader tend to be on supporting the activities that lend emphasis on the task and its successful completion. There is less emphasis on catering for the workers' emotional needs, but rather focuses on the type of close supervision and control. The leadership style is task and goal orientated and the leader invariably takes a close and sometimes hands-on approach to ensuring that tasks are completed. Of the types of leadership highlighted by the study by Lewin, Lippett and White, the task-oriented leader is most likely to be autocratic where the leader determines all strategy, largely dictates each step to be followed, decides what each member of the club has to do, and praises or criticizes them personally.

Discussion points

Does the structure and governance procedures of FIFA confer too much power on the leader?

The structure and governance of FIFA is, on the face of it, democratic as each member state has a vote in executive and presidential elections. However, this has some drawbacks as small nations with very little football heritage or effective infrastructure (e.g. Trinidad & Tobago, Togo, and the Solomon Islands) have the same voting rights as countries where football is a major industry (such as Germany, Spain, and England). Experience has shown that some of the smaller nations' votes have been 'bought' by those wielding power and that this has led to accusations of corruption. The established footballing powers have argued for a voting system that better represents the countries that deliver the highest revenues, where football is an integral part of the economic and social system and where most of the high profile matches are located. So, while the structure of FIFA resembles a democratic format, the governance of that format has been called into question. It is

unlikely that the President of FIFA (at the time of writing, Sepp Blatter) will bring forward reforms to the structure during his tenure as this would present a threat to his position. In terms of leadership power, it is possible to discern an excessive amount of influence bestowed on the President of FIFA, as he is in a position to garner the votes of a large number of members for whom his patronage is a necessary income generating source.

Is there a crisis of leadership at FIFA?

The exposure of corruption at the highest levels of FIFA, inappropriate comments on racism by the President, and a growing sense of unease among the leading nations of world football suggest that there is indeed a crisis of leadership in the organization. The structure and governance of the organisation has been criticised for its lack of transparency and accountability and the excessive power it bestows on the President. However, the crisis is not one that is likely to bring down the President as he is able to rely on sufficient support from FIFA members to retain his position. It is likely that change will only happen once the current incumbent leaves of his own volition once his tenure is completed.

Mini case 5(iii) FIFA: Crisis? What crisis?

Questions and tasks

Identify the source of power and the style of leadership of Sepp Blatter.

The source of power that Sepp Blatter enjoys is reward power. He has the ability to channel resources to the Football Associations of member states

who comply with his wishes (principally to support his agenda and aims). Failure to do so would almost certainly result in less income being channeled to those members. The style of leadership exhibited by Blatter is that of a bureaucrat. Because the structure and governance of FIFA is ostensibly democratic, there is not requirement for the leader to do anything other than to adhere to the processes put in place to support the members. The 'one member, one vote' system can be argued to be the most democratic format but it is one that delivers the power base through which the leader wields his influence and bolsters his position.

What style of leadership is most appropriate for a global organisation such as FIFA?

A global organisation such as FIFA needs strong leadership, but one that is open to scrutiny through increased transparency and accountability. A leader needs to maintain the confidence of followers that he or she is operating in the best interests of the stakeholders he or she represents. In the case of FIFA, these are principally the football associations around the world that make up the membership and who represent the football fans in the country they represent. The sheer scale and complexity of organised football in the 21st century has placed unprecedented pressures on the leader of FIFA that requires him to be a politician, commercial entrepreneur, social commentator, diplomat, and bureaucrat among others.

Some may argue that given the environment in which the leader operates, there will always be some form of crisis unfolding. It is, therefore, impossible to assign any one particular style of leadership that would suit all circumstances in an office of this nature. Clearly, the President of FIFA has to sometimes be above the fray, to be aloof; sometimes he needs to be hand-on in dealing with issues; sometimes he has to stick to the rules as set out in the

organisation's guiding principles, and in other times he has to be a pragmatist. Various, it is possible to discern autocratic style of leadership, in others the democrat is at work. The contradictions are widespread and varied but nevertheless define the complexity of leading an organisation with such a huge global profile.

Identify five main sponsors of the FIFA World Cup.

- Adidas (sportswear)
- Nike (sportswear)
- Coca-Cola (drinks)
- Visa (finance)
- Budweiser (beer)

Others include: Castrol (oil), Hyundai (cars), Sony (electronics), Continental (tyres), McDonalds (food).

Case study questions and task

Are there pragmatic reasons for Carlos Slim Helu's philanthropy?

Whilst the wider society benefits from Carlos Slim Helu's generosity, there are some good pragmatic reasons for his philanthropy. Firstly, Mexico has some of the most socially deprived areas in the Americas. It would be seen as politically naive for anyone with Slim's huge wealth to keep it to himself. To present a positive image and help maintain a social welfare stance, it is arguably necessary for Slim to channel some of his wealth to those in desperate need. Indeed, he is famously quoted as saying he intends to take nothing with him when he dies. This may play well with the wider population, but much depends on where his wealth is subsequently dispersed when he dies. Also, the philanthropy of Slim is good for the reputation and image of the company he runs. It presents the organization in a positive light even though the extent of the charity given may be small compared to total revenues. Slim will also have to be aware of the political environment in

which his companies operate. Redistributing his wealth may help smooth the passage of legislation or regulations that affect the expansion of his business empire. These are pragmatic approaches to handling such a huge accumulation of wealth, although this is not to discredit any genuine generosity of spirit behind the philanthropy of Slim.

Explain the concept of customer 'lock-in'.

Customer 'lock-in' is a situation that is contrived by companies to ensure brand loyalty. Normally, lock-in occurs when a customer has to buy a related product linked to the primary purchase. For example, *Gillette* were able to 'lock-in' their customers to their business by firstly, selling razors, then following that up with selling razor blades that would only fit their razors. If customers bought the razor they would then have to buy the *Gillette* brand of blades to make it operational. Carlos Slim Helu was able to devise a pre-paid system for his cell phone business that 'locked-in' customers to the telephone service his company provided. In the internet economy 'lock-in' occurs frequently. *Amazon.com*, for example, tries to lock-in customers to their business model by continuing to innovate, customising the service to the needs of individual customers using customer relationship management techniques and raising switching costs. This latter aspect relates to the time, energy and inconvenience of entering personal and financial details to rival websites as part of the switching process.

Identify the leadership styles most associated with Carlos Slim Helu.

The leadership style of Carlos Slim Helu appears to be democratic. There is a great deal of trust and dialogue that exists between Slim and his managers - to take advantage of the vast array of experience his managers possess, Slim operates a very democratic form of leadership that involves a high level of accessibility. Managers need to be able to feel that they can approach him

and discuss ideas and issues in a manner conducive to solving problems and exploiting new opportunities. The level of trust is another important facet of Slim's leadership style. It is even possible to discern a laissez-faire style whereby responsibility for strategic decision making is vested with the relevant managers. This is one reason why Slim may prefer to involve members of his own extended family in running parts of the business - it may be viewed as an astute way of ensuring loyalty and ensuring that the best interests of the business are well served.

What motivates workers to follow the leadership of Carlos Slim Helu?

Carlos Slim Helu has successfully built up one of the highest profile business empires in the Americas. With over 90% of telephone services in Mexico being delivered via his Telmex company, the organisation touches the lives of the vast majority of the population. Workers are acutely aware of the influence that Slim's business operations have on their lives and know that the success of the business is inextricably linked to their own economic welfare. This acts as a key motivating factor. However, it is not just economic factors that account for their loyalty. The philanthropy of Slim and his commitment to workers' welfare have also had a positive effect on the way he is viewed by his workforce. Although Slim keeps a relatively low profile, his philosophy for business is one that many workers can relate to. In many ways Slim has been able to communicate ideals of collective responsibility and teamwork as solutions to problems and the creation of new business opportunities. The consequent feeling of identity that workers have is a powerful tool that can be used to good effect.

What type of power does Carlos Slim Helu have? Explain your choice.

Slim has legitimate power as the undisputed head of the organisation that he formed. The legitimacy stems from his established position as the founder of

the business and the driving force behind its growth. Slim does not require a vote of confidence from board members or the patronage of politicians to retain his position as head of the organisation. His position is universally recognised and respected due to his achievements and his level of authority.