

Chapter 7: Four Leadership Paradigms

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The first practice on the Sustainable Leadership Pyramid refers to leadership culture, which includes the concept of an *appropriate leadership paradigm* that is most suited to an organisation as a whole, or is necessary and likely to be effective in a particular context. In this chapter, we introduce four leadership paradigms that provide a language for understanding and discussing different leadership systems and behaviours.

Why and which four paradigms?

Leadership paradigms refer to particular appropriate patterns or archetypes of leadership. In preference to the term 'style', which tends to be person-centric, the term paradigm signals that leadership is practised not only by certain designated leaders but is also systemic. Leaders form part of the system, so do followers. These people interact in a context shaped by processes, procedures and cultures, as well as by external factors.

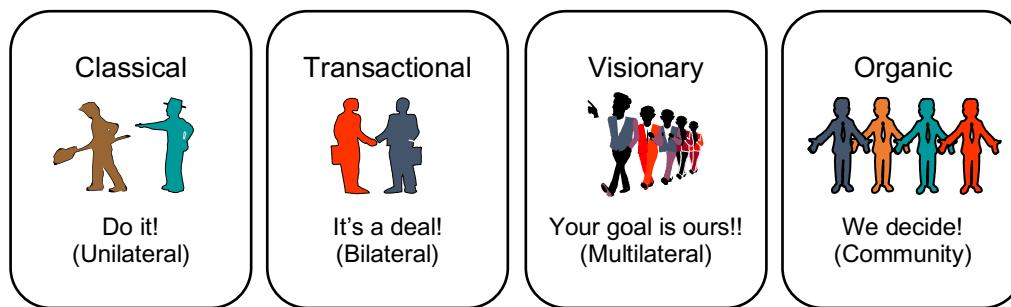
Leadership style thus refers to the kind of leadership attitudes and behaviours that characterise leaders and followers at the micro level. For example, was CEO Martin Winterkorn's "autocratic, fear-based and top-down" personal leadership style appropriate for VW? Could a different more widespread leadership paradigm—and in Martin Winterkorn's case, style—have averted Dieselgate?

With more than 850 theories and definitions of leadership, and the terms leadership culture, paradigm and style being used almost interchangeably, it is difficult for people to have a sensible conversation about leadership. Chances are that people will be referring to different ideas about leadership in that conversation. A simple language for describing leadership is needed.

Adopting a theoretical and practical framework that clearly differentiates a range of leadership paradigms can help in understanding, discussing and practising leadership.ⁱ Avery identified four leadership paradigms (classical, transactional, visionary and organic) and distinguished between these paradigms on a set of criteria, explained below. The leadership paradigms provide a common way of understanding, analysing and implementing leadership behaviours and systems that suit the varying contexts in which individuals, teams, different functional areas of organisations, or whole organisations need to operate.

Previous scholars, particularly Bernard Bassⁱⁱ, had distinguished two paradigms: transactional leadership and a kind of emotion-based leadership that he called transformational leadership. Many researchers subsequently adopted this framework in their investigations, but it turned out that several common leadership paradigms were missing.ⁱⁱⁱ Avery expanded the basic transactional and visionary paradigms to include classical leadership at one end and organic leadership at the other end of Bass' binary spectrum. Both of these additional leadership paradigms have legitimate application in particular situations and should be included in the leadership paradigm framework. The four paradigms are illustrated in Figure 7.1 in highly simplified form and discussed in turn, starting with classical leadership.

Figure 7.1 Four paradigms of leadership



Classical leadership – giving orders

Classical leadership describes a form of leadership whereby designated individuals or an elite group have the authority to command and control others—their followers or subordinates—to act towards achieving individual, group and/or organisational goals. Classical leadership relies on leaders having formal power, particularly the power to induce or coerce followers or subordinates to comply. The rationale for the classical paradigm is that in certain situations and contexts leaders are required and expected to provide strong, timely, expert and helpful leadership. Examples of this occurred in many jurisdictions during the 2020 COVID-19 pandemic, where authorities employed classical leadership to force citizens to comply with public health restrictions.

Variations on classical leadership are traditionally widespread in some societies, including in China, India and other parts of Asia. Everywhere, classical leadership is frequently associated with the military, government and religious bureaucracies, as well as in some workplaces. Despite obvious differences between business, churches and the military, classical leadership as practised in these spheres shares common elements.

First, classical leadership has a coercive element to it. However, this paradigm can be exercised either legitimately coercive or dictatorial. Legitimate coercive forms of classical leadership that rely on force arise because of the significant powers vested in leaders, as happened during the COVID-19 pandemic. Some classical leaders misuse their power in a manner that demeans, denigrates or even abuses their subordinates. Here, subordinates (not followers!) carry out the classical leader's instructions under duress, or because they fear his or her wrath for disobeying orders. Box 7.1 describes an extreme, and arguably dysfunctional and unsustainable, example of classical leadership at Amazon's fulfillment centres.

Box 7.1 Classical leadership at Amazon makes for distressed subordinates^{iv}

Seattle-based Amazon.com Inc. describes itself as an electronic commerce and cloud computing company. Founded by Jeff Bezos in 1994, Amazon is the world's largest Internet retailer and owns over 40 subsidiaries. 2019 revenues were about US\$280 billion, generated by 798,000 full- and part-time workers worldwide.^v

The company's stated vision and principles are "to be Earth's most customer-centric company. We are guided by four principles: customer obsession rather than competitor focus, passion for invention, commitment to operational excellence, and long-term thinking".^{vi} But it appears that this passion does not apply to the subordinates in Amazon's fulfillment centres—gigantic depots or warehouses where goods are stored and distributed to customers. Worker dissatisfaction began to surface outside the company in 2011 with ongoing protest strikes in the US and several European countries.

What is the problem? Some might answer, an extreme form of coercive classical leadership and micro-management. In line with Taylor's 1911 book *Efficiency Movement*, depot managers break basic tasks, such as moving, shelving and packing goods, into subtasks that usually take only seconds to complete, and then use time and motion studies to find the fastest way to perform each subtask. All these mini actions are reassembled into the "one best way" that employees must follow. Amazon claims that micro-management is necessary to keep increasing employee productivity, while keeping hourly

wages low. However, in response to repeated criticism, the company 'proudly' raised the minimum hourly wage of Amazon employees in the US and UK to US\$15 in 2018.^{vii}

Despite the pay rise, inhumane working conditions persist. To drive efficiency, personal satellite navigation tags inform workers of the optimal route they must travel to shelve or select goods. Machines measure worker behaviour: whether packers meet their hourly output targets, finished packages meet their targets for weight and thus have been packed "the one best way", and that trips taken to complete each task were the most efficient.

The company seeks to prevent various forms of theft. Employees are continually monitored to prevent time or physical theft. Not only must Amazon employees pass through scanning points when entering and leaving the warehouses, the company also operates checkpoints within the building. Here, employees wait in line to be scanned before entering the cafeteria, reducing their effective lunch break from 30 to 20 minutes to order and eat their meal.

Supervisors make sure that the packing line keeps moving at the optimum pace; they record how often packers take breaks and whether workers attend the nearest restroom. Targets for unpacking, moving and repackaging goods can be suddenly increased to levels where less dexterous workers begin to fail. In the "three strikes and you're out" culture at Amazon, slower employees with too many demerit points are fired.

The US and UK depots do not have an independent employee voice to stand up to management's demands for continual increased output. Conditions at Amazon do not sit well with employees in numerous countries, especially those with a unionised workforce, such as in Germany. This may explain why Amazon's 2019 annual report identifies "different employee/employer relationships and the existence of works councils and labor unions" as a risk to its international operations.^{viii}

These findings stand in sharp contrast to Amazon's 2019 #1 ranking of 640 US companies by the Drucker Institute on a combined score of customer satisfaction, employee engagement and development, innovation, social responsibility and financial strength, that are made up of a total of 34 indicators.^{ix}

Classical leadership can also be benign. For example, when leaders command and employees obey out of respect for the position, reputation or gravitas of the leader, or where employees respect the brand, founder or entrepreneur behind a business and so willingly work with that leader. Nonetheless, even a benign classical leader is typically central to what happens in an organisation and may or may not involve followers in decisions.

Classical leadership has legitimate uses. For example, in emergency or critical frontline life-or-death situations, where there is little time for consultation, designated leaders need to provide quick directions to well-trained followers or subordinates. Examples include firefighting, emergency surgery and warfare where leaders command followers who are highly trained, know their roles and carry them out in accordance with instructions from designated, well-informed leaders. Here, classical leadership is not only legitimate but may be the only viable option. However, only those with formal authority and power determine strategy, tactics and goals, which they then order others to execute. Classical leadership is also warranted when followers do not know what to do or when their behaviour violates ethical codes or organisational norms.

In other situations, classical leadership can be limiting. In large, complex and fast-moving industries such as IT, even benign classical leadership has limited effectiveness because the leader(s) cannot command and control every action. Even the military recognises benefits in empowering relatively low-level soldiers to use their own initiative when operating behind enemy lines. Classical leadership, by its nature, is associated with top-down, hierarchical organisational structures. While this speeds up decision-making at the top, it significantly slows down decisions at the bottom. As Samuel Palmisano, former CEO of IBM, said:

"You just can't impose command-and-control mechanisms on a large, highly professional workforce. I'm not only talking about our scientists, engineers and consultants. More than 200,000 of our employees have college degrees ... a top-down system can create a smothering bureaucracy that doesn't allow for the speed, the flexibility, the innovation that clients expect today."^x

Clearly, it can be hard to get discretionary effort, honest feedback about problems or innovation from subordinates who are waiting for orders. When classical leadership asserts itself through fear, the organisation can suffer because punishment can produce undesirable consequences.^{xi} At best followers will be compliant, others may sabotage the leaders. Importantly, when ideas about leadership change (for example, through the expectations of different generations) or followers no longer accept domination (because they are highly trained and know what to do), a more nuanced approach to leadership is required even in an otherwise legitimately classical culture. Here, Sustainable Leadership practices that are compatible with all four leadership paradigms – such as having a compelling, shared vision; a warm organisational climate; and high levels of leader-follower trust – can lift organisational performance even under classical leadership.^{xii}

In summary, classical leadership is appropriate when there is a need for quick actions as in urgent situations, to address undesirable or inappropriate behaviour and to intervene when guidance is needed. The main disadvantages of the classical paradigm, particularly in large bureaucratic organisations, include that it slows down or disallows decision-making at the bottom, impedes creativity and frustrates people capable of acting autonomously because they have the skills and share the purpose, vision and values. Box 7.2 asks whether classical leadership paradigm at Amazon is sustainable.

Box 7.2 Food for thought

Does Amazon's success and the fact that it has made its founder the wealthiest person on our planet constitute sustainability? And if so, sustainable for whom?

If a measure of successful company leadership is how much money the founder is making, then by that measure, the founder, chairman, CEO, president and owner of 16% of Amazon, Jeff Bezos, has been spectacularly successful with an estimated net worth of US\$189 billion.^{xiii} His estimated hourly income is almost \$10 million. If the measure is how much he has contributed to the wellbeing of stakeholders of his various businesses, including his employees (hourly salary \$15), local communities and society at large (Amazon US federal income tax in 2018 = \$0)^{xiv}, then has he succeeded or failed spectacularly?

Transactional leadership – making deals

Transactional leadership operates as a process of influence wielded largely through the rewards and incentives a leader can offer followers in return for the followers' labour. The deals that transactional leaders strike with their staff provide clear direction and outcomes in return for employee effort. Bernard Bass described transactional cultures as "lawyerly" because worker behaviours are regulated by rules, negotiations, precedents and using rulebooks to reach decisions.^{xv} Bass identified behaviours typical of transactional leaders: some leaders reward and recognise good performance and actively take corrective action if workers deviate from requirements; others are passive and intervene only if standards are not met.

Transactional leaders are able to engage followers in pursuing relatively short-term goals, and do not need to persuade followers of a compelling and possibly distant organisational vision. Hence, some scholars equate transactional leadership with management because it is focused on the day-to-day operational aspects of keeping a business running. Followers know where they stand, what they have to do and what the rewards or punishments for their actions will be. Since the same rewards do not work equally well with everyone^{xvi}, rewards and incentives require tailoring to meet an individual follower's needs, skills and motives to be effective. Transactional environments achieve their outcomes by providing clarity for all parties.

Transactional environments are often found in government departments, where clear policies and procedures are standardised for workers to follow. There, important decisions are driven by specified agreements, policies, regulations and institutionalised patterns of behaviour. Other enterprises with relatively predictable and standardised operating environments, such as hotels,

hospitals and universities, adopt the transactional paradigm in parts of their business. For example, Marriott Hotels introduced the 33 steps for cleaning a room in 30 minutes even though it operates as a visionary organisation in most other respects. Transactional leadership is viable in stable or repetitive settings such as in the fast-food industry where expectations of innovating in processes, products and services are low; or with certain types of employees, such as inexperienced casuals. Typically, such frontline jobs pay minimal wages, require minimal training, offer low levels of autonomy and no rewards beyond money.

Transactional leadership can be legitimately coercive, depending on the context and organisational culture, although coercion is not central to this paradigm. While transactional workers are not as constrained as classical workers (some delegation can take place), some workers may find the monitoring typical of transactional leadership constraining, leading them to work to regulations or to comply with their contractual minimum. However, when there is a good match between the leadership culture and the needs of the tasks and preferences of the workforce, this paradigm can work effectively.^{xvii}

However, in organisations such as car manufacturer General Motors, for whom continuous and sometimes radical innovation in a dynamic market ought to be a must, the constraints of the transactional paradigm with its stiff bureaucratic structure and organisational routines can hamper innovation.^{xviii} Transactional leadership is not inevitable in production settings as automaker BMW shows with its autonomous workforce and visionary and innovative culture built around purpose and vision.

While transactional leadership can be based purely on agreements between managers and employees, an effective way of increasing performance under this paradigm is to add other components that are essential for Sustainable Leadership and compatible with the transactional paradigm. Research shows that introducing a shared vision and compelling purpose, high levels of trust and a warm supportive climate^{xix}—all essential Honeybee Practices—also enhances performance under the transactional paradigm. We refer to this broadened form of transactional leadership as *progressive transactional leadership*.

In short, transactional leadership is based primarily on the exchange of an employee's labour and services for defined outcomes and rewards provided by the employer. The transactional paradigm provides clarity to both sides. It suits predictable, fairly stable operating environments where incremental improvements are preferred to radical change.^{xx} Trying to influence, control and organise an enterprise using transactional leadership in a complex, global, rapidly-changing world is challenging, especially as relying on short-term horizons does not prepare an organisation for major innovation. In Box 7.3, we ask whether the transactional paradigm is really needed.

Box 7.3 Is the transactional paradigm irrelevant?

Is transactional leadership merely a less than perfect mixture of the classical and visionary paradigms, or is it a legitimate paradigm in its own right?^{xxi} Critics argue that while there are compelling reasons for the classical, visionary and organic paradigms, the transactional paradigm lacks such uniqueness. After all, there is nothing that the transactional paradigm can achieve that the visionary paradigm could not also do, but do it better. Even so, perhaps its wide adoption in practice and recognition in the literature warrants closer examination.

As the term transactional implies, the agreement between employer and employee is based on a deal between the two parties that can, however, take place under any of the paradigms. While many organisations practise transactional leadership, this approach to leadership poses theoretical, logical and ethical problems if a leader's objective and expectation is to achieve outstanding individual, group and organisational results while insisting that workers comply with inflexible routines. This becomes particularly problematic in uncertain environments where employees' active involvement is essential.

The transactional paradigm is rarely the result of a deliberate and carefully considered decision on the part of leaders and managers to organise work practices in a way that does not incorporate, for example, sharing a compelling vision, relying on intrinsic motivation and trust, or engendering a warm

working climate. As with the classical leadership paradigm, transactional leaders typically have the power to reward, correct and discipline subordinates. In large organisations, the inevitable supervision and controlling this entails consumes valuable resources and can slow decisions and work processes down. In an attempt to address this problem, organisations have flattened hierarchies and delegate down the line. There is argument therefore for organisations for whom the transactional paradigm works well enough because their employees are accepting of it, to gradually move to the more performance-enhancing and more socially/environmentally responsible visionary paradigm. The evidence indicates that both the organisation and its stakeholders would benefit from this.

Visionary leadership – sharing a future

Visionary leadership depends on followers' engagement with a shared purpose and vision, and their willingness to collaborate in realising that future. Other names for this kind of emotion-based leadership include transformational, charismatic or inspirational leadership. We prefer the term visionary leadership to emphasise that a compelling, shared purpose and vision are fundamental to this paradigm. Working through a powerful vision benefits all leadership paradigms but is core to effective visionary leadership.^{xxii} Many studies show that visionary leadership enhances individual, team and organisational performance compared with classical and transactional leadership.^{xxiii}

Under classical and transactional leadership, followers need have nothing more in common than a desire to carry out the agreed arrangements, but visionary leadership taps into follower beliefs, values, needs and capacities that enable the enterprise to change and adapt while preserving its core ideals.^{xxiv} Clearly, basic compensation and employment relationships are formally arranged, but visionary followers are expected to be motivated and engaged through emotional commitment to a higher order set of values, purpose and vision, rather than simply working towards agreed rewards.

The vision provides the direction, whereas the values guide followers in how they are expected to achieve the future. Employees are expected to make their voices heard in influencing the organisation's direction and outcomes, actively collaborate with others, self-manage and strive to achieve the vision. Visionary leadership still requires systems, policies and processes that support the teamwork and innovation required in successfully realising a common future, along with feedback and accountability systems that enable people to learn from their own and others' successes and mistakes.

Visionary leaders can be heroic, humble (see level-five leadership in Chapter 2) or assertive. However, engaging followers requires respecting and understanding them, and tuning in to follower needs and strengths rather than dominating and controlling them.^{xxv} After all, followers' efforts and involvement are crucial to the success of visionary leadership. The source of the shared vision can vary. It can be the leader's vision in some firms, a vision developed with employee input, or part of an existing strong organisational culture that directs and energises group members. However, the visionary paradigm is not created merely by having a vision, rather the vision needs to be shared by all and provide ongoing direction to what people do and how decisions are made. The vision needs to reflect the underlying purpose of the organisation which can encompass a spectrum that extends from self-serving at one end to altruistic at the other. For example, some organisations exist to enrich their owners. Some may do this in a way that respects the rights and needs of a wide range of stakeholders. On the other hand, the Red Cross pursues an altruistic vision of preventing and alleviating human suffering.^{xxvi} Box 7.4 describes some of the visionary leadership practices at BMW.

Box 7.4 Visionary leadership at BMW

BMW AG is an independent, Munich-based auto maker with extensive global operations. The company produces cars and motorbikes and offers financial services. With operations in over 140 countries, the corporation employs about 130,000 people worldwide. One of its strategies is to develop premium

brands in each class of vehicle. In addition to the BMW brand, the company owns the Mini and Rolls Royce brands.

BMW describes itself as “the company [that] always focuses on the future and develops innovative ideas and solutions. Inspired and driven by this visionary force, the brands offer ground-breaking concepts for the mobility of tomorrow.”^{xxvii} Emotion plays a strong role at BMW, starting with the company slogan of “sheer driving pleasure”.

Manufacturers often adopt transactional leadership practices but BMW favours visionary practices with its workers and suppliers. For example, rather than try to extract more favourable terms from its suppliers during the 2008 GFC, BMW ascertained which of its suppliers needed assistance to get them through the GFC, and offered them financial help.

At a more strategic level, BMW leadership relies on a compelling, shared vision and sense of purpose to direct and energise its employees’ loyalty, passion and creativity. Employees are required to acquire an understanding of the business, and workers are informed about new products and company outcomes that they can share knowledgeably with outsiders.

The entire organisation is based around teamwork, from factory floor production teams to top management teams. Stakeholders, particularly suppliers, form teams with BMW employees in optimising existing and future processes. Worker autonomy is critical and individual workers are empowered to stop the production line if they consider a problem warrants this. Employees are trained and trusted to be able to make such far-reaching decisions responsibly based on shared values embedded in the BMW culture, systems and processes.

Visionary leadership is consultative and collegial rather than directing and coercive. A classical leader with a vision does not constitute visionary leadership. The latter needs followers who willingly and autonomously work towards the shared vision. Visionary followers embrace the corporate vision and organise their own work practices accordingly; they do not need to be coerced into acting with diligence, reliability and integrity. When leaders do act coercively in a visionary organisation there are reasons for doing so, such as a breach of ethics or virtues.

Visionary leadership has its disadvantages. First, conforming to a single vision poses challenges. In complex organisations, employees in different functions may need to have the vision explained and reinforced to make its relevance and their contribution to it clear. For example, in healthcare organisations, the vision may be to put patient health and wellbeing above all else. While the relevance of such a vision would be clear to the company’s medical and research staff, how the security or reception staff contribute to realising such a vision may need clarifying. Additionally, the consultative and collegiate nature of the visionary paradigm makes decision processes take longer. However, this is compensated for with decisions tending to be of higher quality and enjoying greater support.

In summary, the visionary leadership paradigm benefits from its capacity to tap into people’s passion and energy under a sense of shared purpose and vision. By granting workers considerable autonomy, this paradigm engenders self-esteem, loyalty, engagement and creativity in workers. Visionary leadership incorporates high levels of trust, ethical behaviour and a shared sense of purpose among its diverse stakeholders.

Organic leadership – sharing leadership

The *organic* paradigm is radically different from the other paradigms by not depending on the idea of formal leaders or appointed managers. Instead, the entire group drives organic leadership. Members co-create and share the vision, values, culture and processes that underpin their organisation. Leadership and followership status is usually informal and can easily change depending on people’s ability to attract others to projects that they are working on or want to initiate. Peer-driven review and decision-making processes replace top-down, hierarchical decision-making processes and procedures. Instead of a manager-driven performance and remuneration process, a peer-based process may determine remuneration levels.

A key feature distinguishing the organic paradigm from other paradigms is the letting go of control that managers normally exercise and passing that power to the group members. Other features include the absence of formal roles, job descriptions and titles; and fluid relationships where decisions are made by the group or the person with relevant expertise rather than someone holding a particular position. Commitment arises through extraordinarily high levels of involvement that people have with the organisation and its purpose; plus freedom for employees to innovate and develop personally. Goals, decisions and actions are taken collectively after discussion among those affected. Responsibility and accountability for outcomes are devolved to the group and not to a leader or leadership team. Organic leadership requires a culture and employee mindset that embrace change and stimulate creativity and innovation.

Even without formal leaders, organic organisations can be 'leaderful' by involving many individuals in shared or distributed leadership.^{xxviii} To outside observers, relying on the emergence of leaders acceptable to the group may make such an organisation appear 'leaderless'. Even in apparently leaderless cultures, leaders emerge by informal consensus among group members who, in effect, then follow that person. Material science company WL Gore & Associates, which makes Gore-Tex® products, epitomises organic leadership. The group decides who should lead a project and how long the group is willing to follow that particular person until someone else is given the lead. A necessary corollary of not having designated leaders is that most people are self-leading, at least some of the time. However, while Gore has few appointed executives in the conventional sense, the majority of its 10,500 employees believe that they exercise leadership – even though no one tells anyone else what to do in that "leaderful" organisation.

Changing to organic leadership from other paradigms can be difficult for many reasons: employees may resist the additional involvement required of organic followers, managers may struggle with passing power to the employees, and many systems and processes will need to be realigned to the new paradigm. While some firms like WL Gore & Associates started as an organic enterprise, challenges arise in changing to organic leadership, as Zappos did.

Sometimes organic leadership occurs only in part of an organisation, such as in the research and development at Swatch or in self-managing work and project teams, while other paradigms operate elsewhere. Organic leadership is found in diverse industries and can take different forms, as Box 7.5 illustrates.

Box 7.5 Organic organisations are no longer all that rare

Organic leadership can take many forms as the following examples from different contexts show.

W.L. Gore & Associates: This global manufacturer is highly innovative, well known for its waterproof, breathable Gore-Tex® fabrics, as well as for medical and other products. Since its inception in 1958, Gore has adopted an organic culture with no ranks, no titles and no bosses among its more than 10,500 self-leading associates spread across the world. No one tells anyone else at Gore what to do. All associates follow four basic principles established by the founder, whose motto was to have fun and make money.

Semco: Semco is a famous example from the manufacturing and service sectors in Brazil.^{xxix} Ricardo Semler took over his troubled family machinery business, and as CEO initially tried to fix everything himself by working around the clock. After his health gave out, he passed the power to employees, having them set their own hours and evaluate their bosses. Semler abolished organisational charts and dedicated desks. He encouraged employees to suggest what they should be paid, to learn each other's jobs and profit-share. By removing the power of bosses and empowering the employees, productivity and growth sky-rocketed, along with long-term loyalty.

Happy: Semler's work inspired Henry Stewart to create a powerful, inclusive culture based on respect, transparency and fun at his UK firm, Happy. Happy offers IT training and development courses.^{xxx} At Happy, Stewart puts his people in control of the work they do. Staff are trusted and given freedom so that they can decide how to achieve their results – under clear guidelines. Employees are valued according to the work they do and choose their own work/life balance.

Valve: A quick glance at games designer Valve's Handbook for New Employees reveals that "...Valve is flat. It's our shorthand way of saying that we don't have any management, and nobody

‘reports to’ anybody else’.^{xxx1} People at Valve choose which projects to work on and prioritise. With no job descriptions, people find out what is going on by talking to others. The company decides what to work on by waiting until an employee comes forward and recruits others to work on his or her project. All employees can attend any meeting and contribute to its decisions—this transparent, open culture claims to have no secrets.

Wikispeed: Wikispeed is an automotive-prototyping company that produces modular green cars for sale to the public. Using a distributed agile/scrum team whose members work from various locations, build on each other’s contributions and enhance the vehicle every two weeks, this collaborative model allows very high-speed development, especially when paired with rapid prototyping manufacturing tools. The self-organising teams work in short cycles called sprints, which enable rapid innovation.^{xxx2} The Wikispeed team re-evaluates each part of the car every 7-14 days and collaboratively decides on the next steps based on their experience with it and user feedback. Agile approaches are common in software development and manufacturing.

Zappos: Online shoe retailer, Zappos, has moved to a form of organic leadership by adapting the commercially-available Holacracy^{®xxx3} tools to its culture. The company replaced its traditional organisational structure with a self-governing management system, with no managers or job titles. Employees know exactly what they are responsible for and can meet those expectations. However, workers act as they think best within a flatter, leaner and more flexible work environment. Rules and guidelines still operate for matters affecting tasks and company culture. At Zappos, everyone has the authority to make changes to the company and decisions in their work, but people known as leaders still hold others accountable and terminate people if necessary. Since the company’s aim is to provide excellent customer service, the new organic approach allows every employee to act quickly on customer feedback.

Although organic leadership may appear chaotic, in reality all roles and functions are covered as members commit to undertake and participate in various tasks. Many people find the organic paradigm perplexing, partly because it de-emphasises the role and power of fixed leaders and represents a radical change of thinking about leadership, followership and the traditional nature of organisations. Conventional assumptions of control, order and hierarchy have to be replaced by trust and an acceptance of continual change, partly organised chaos, and respect for diverse members of the organisation. This paradigm relies on high levels of trust, particularly in the capacity of members to collectively solve problems and make decisions in the interests of the organisation. While conflicts are inevitable in human interactions, organic cultures that rely on extensive collaboration tend to be benign rather than coercive.

Free-flowing communication is crucial to organic leadership for enabling members to make sense of events. Since it is more difficult for people in large organisations to communicate with and trust each other, organic enterprises tend to operate in smaller subunits. For example, while the entire global workforce at WL Gore & Associates operates under organic leadership, business units tend to be kept to about 150–200 members. Some units may be located close to each other to benefit from operating efficiencies, including certain specialised and expensive centralised services.

In short, the organic paradigm rests on a shared vision, core values and high levels of trust. It differs from other paradigms by letting go of control from designated leaders and handing power and control over to self-organising and self-managing groups of people. Organic leadership thrives on extensive communication; collaborative decision-making; and a carefully-selected workforce that embraces this leadership paradigm, shares the vision and values, and works within appropriate, supporting organisational systems and processes.

Summary

In this chapter, we introduced the classical, transactional, visionary and organic leadership paradigms. The leadership paradigms are a key component of *leadership culture*, the first of the 23 Sustainable Leadership practices.

Classical leadership involves powerful or knowledgeable individuals and groups telling others what to do. It can be benign or dictatorial. Legitimate classical leadership occurs in emergency situations or operating theatres, where strong, timely, expert and helpful leadership is called for; or where subordinates do not know what to do; or their behaviour violates ethical codes or organisational norms. However, classical leadership when taken to extremes can be coercive and unsustainable as seen at Amazon's warehouses. Research shows that under classical leadership, performance can be improved by adding three components of the visionary paradigm: a shared vision, trust and a warm supportive climate.

The transactional paradigm relies on deals being struck between employers and employees in stable, often standardised contexts where radical innovation is not expected. The requirements and rewards for any particular role are clear to both parties. Some question whether this is a unique paradigm given that all employer-employee relationships involve agreeing on terms and conditions. However, working to agreements is widespread in practice, including in many government departments. We introduced the concept of *progressive transactional leadership* that is more amenable to the needs of employees and so can enhance outcomes over and above those achievable under the basic transactional paradigm.^{xxxiv} Adding a shared vision, trust and a warm supportive climate, which are essential components of the visionary paradigm, has been shown to enhance performance compared to the more prevalent basic transactional paradigm.

Visionary leadership revolves around a set of values, purpose and vision that a group of people work towards in creating a shared future. This paradigm requires an autonomous and engaged workforce that collaborates on achieving the shared purpose and vision. We saw how various companies operate on visionary leadership, where every member of the organisation is expected to contribute to the company's future.

Organic leadership is also based on shared purpose, vision, values and desired outcomes, but under this paradigm, leadership and power are devolved to the members rather than residing in designated leaders. Organic organisations may be leaderful or leaderless, but either way, leadership is distributed across many individuals who contribute to the future. Once very rare, the number of organic organisations appears to be on the rise.

In some ways, the four paradigms fall into two broad categories. Three paradigms (classical, visionary and organic) can be regarded as aspirational in the sense that these three paradigms embody leadership practices and systems that are intended to achieve optimal results. The transactional paradigm is effective in keeping operations running rather than achieving high performance in an uncertain world, and hence could be summarised as management-by-objectives-and-incentives. In the next chapter, we summarise operational differences between the paradigms in more detail.

ⁱ Avery. 2004.

ⁱⁱ Bass. 1990.

ⁱⁱⁱ Anderson & Sun. 2017.

^{iv} This box is based largely on Head. 2014.

^v Amazon Annual Report 2019.

^{vi} Amazon Annual Report 2018. p. 3.

^{vii} Amazon Annual Report 2019.

^{viii} Amazon Annual Report 2019. pp.7-8.

^{ix} Drucker Institute 2019.

^x Hemp & Stewart. 2004.

^{xi} E.g. Podsakoff et al. 2006.

^{xii} Jing et al. 2020.

^{xiii} Accessed 26 July, 2020 at: <https://www.theguardian.com/technology/2020/jul/21/jeff-bezos-the-worlds-richest-man-added-10bn-to-his-fortune-in-just-one-day>

^{xiv} CNBC. 2019.

^{xv} Bass. 1990.

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- xvi Hamstra et al. 2011.
- xvii Zhang et al. 2014b.
- xviii Braun & Bergsteiner 2010.
- xix Jing et al. 2020.
- xx Prasad & Junni. 2016.
- xxi E.g. Judge & Piccolo. 2004.
- xxii Jing et al. 2020.
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