

What can Leaders Really be Held Accountable for?

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Recently in Australia, there have been several examples in the media of political and corporate leaders debating what it is they should and should not be held accountable for; e.g.

- The previous Prime Minister, John Howard, argued that the six interest rate rises since his government came to power were not his responsibility but rather were a result of factors beyond his control such as "the continuing strength of the economy", "the drought" and "the high level of oil prices".
- On the other side of the coin, John Howard claimed that it was his government's sound economic management that delivered the high level of economic growth and tax cuts and low unemployment levels that Australia had enjoyed over the past 11 years rather than external factors such as historically low world inflation and the China-driven mining boom. Some commentators argued that: "Any government would have to have been particularly incompetent not to deliver a golden era" in the global circumstances of the last 10 years.
- John Fletcher, departing CEO of Coles Limited, rejected some \$4 million in performance pay in recognition of his role in the declining competitive performance of Coles and the decision of the Board to offer the company for sale. However, as one reporter put it: "Wesfarmers' \$19 billion takeover of Coles is expected to dump retail boss John Fletcher out of a job but provide him with a \$30 million parachute. Despite failing to turn around Coles and being forced to put the company up for sale, Coles top executives and board members paid themselves almost \$18 million". Fletcher argued that an aborted raid on the company by private equity raiders had helped to de-rail his turnaround strategy and had not allowed it time to bear fruit.
- Another leading media story on a 13 year old girl who had been living alone since the death of her father quoted the New South Wales Opposition Leader, Barry O'Farrell, as saying that the Premier of New South Wales, Mr. Iemma, and Community Services Minister Kevin Greene had "failed the girl". In reply, Mr. Iemma said: "This is a really troubling case. It highlights the difficulty of the job that DOCS workers grapple with every single day... It's troubling, it's far from ideal and it's not satisfactory, but everyone's doing the best they can to help her and find a permanent solution for her."

These cases, and others like them, raise the question of what it is that leaders can reasonably be held accountable for and within what limits. The answer would appear to depend on the nature of the environment in which the leader is operating. A framework for thinking about this question was

developed 30 years ago by Australia's Dr Fred Emery (1977) in his book "Futures we are in". Emery identified 4 different types of environment (see Table 1):

Table 1
Emery's Four Generic Futures

<p>TYPE 1: Random, Placid</p> <p>Random distribution of satisfactions and threats. Neither hostile nor nurturing.</p>	<p>TYPE 2: Clustered, Placid</p> <p>Non-random distribution of satisfactions and threats but still neutral to the systems inhabiting it.</p>
<p>TYPE 3: Disturbed, Reactive</p> <p>As for clustered, placid <u>but</u> with the presence of several like systems.</p>	<p>TYPE 4: Turbulent</p> <p>Like disturbed, reactive <u>but</u> the environment (and the rules for survival) change with the actions of the systems in it.</p>

Type 1: Random, placid environments

In this (largely theoretical) type of environment, there is a random distribution of good and bad positions (or outcomes or lifestyles or market positions) in the environment that an organisation or an individual might seek to reach by means of their decision making, planning and action.

Emery argued that no strategy in a Type 1 environment can be better than the best tactic. Because "goods" and "bads" in the environment are scattered randomly, learning and strategy-making are not possible. In Type 1 environments, survival is a matter of intuitive exploration, trial and error, and luck.

Hence, in these environments we could not sensibly hold a leader responsible for success or failure any more than we could hold a dice responsible for our winnings and our losses at a casino.

Type 2: Clustered, placid environments

In this type of environment, the desirable and undesirable positions (outcomes or lifestyles, etc) cluster in ways that are governed by potentially learnable laws but their ordering has no bias towards either benefiting or harming the systems that live in it. Isolated communities and perhaps powerful monopolies may have environments that appear to them to be Type 2.

In a Type 2 environment, meaningful learning is possible; intelligence (or capacity to learn) becomes a survival trait; and it is no longer true that "a bird in the hand is worth two in the bush" – because it is now possible to secure a more advantageous position in the environment tomorrow by investing some of your resources today.

In Type 2 environments, leaders can make a difference to the extent that they have a more highly developed ability to learn about the world and to develop strategies that deliver improved outcomes for other people. Therefore, in these environments, we can legitimately hold leaders accountable for the extent to which the strategies they propose reflect accurate learning about the environment and thereby deliver the promised outcomes.

Type 3: Disturbed, reactive environments

Emery described this environment as no more than a Type 2 (clustered, placid) environment inhabited by two or more systems of the same kind. This change now introduces the elements of a competitive, zero-sum game because the preferred position for one person/system is also the preferred position for the other(s) of like nature. The actions of one player to better their position can now be copied or pre-empted by another of similar power, ability and motivation.

Emery argued that success now depends not only on learning about the environment and about other players but also on deepening self-knowledge so that the person/organisation can anticipate the likely actions/reactions of others and hence take steps to out-manoeuvre them. Another possible strategy would also seem to be one of partnering and sharing the benefits available in this type of environment.

In Type 3 environments, leaders can be held accountable for the extent to which their strategies reflect accurate learning about the environment and about the nature of the other players; learning about themselves and their own organisation; and learning about the kinds of relationships with others that are likely to benefit the people being led. The leader may choose to perceive and manage these relationships as either competitive, cooperative, honest, dissembling, etc. That choice is part of their strategic decision making and they should rightly be held accountable for the outcomes that flow from their decision to perceive and manage relationships with others in the way that they do.

America is currently beginning to hold President Bush accountable for the way that he has chosen to perceive some other nations and to manage the country's relationships with them.

Type 4: Turbulent environments

In Emery's view, the Type 4 environment ceases to be a stable ground on which human beings and organizations can take action but rather becomes one that is itself shaped by the actions of the players acting in it. For example, as humanity over-exploits the natural environment, it is becoming clear that the very nature of the environment itself is changing in ways that are surprising, unpredictable and far reaching. The current and likely future effects of man-made climate change are becoming more and more apparent every day.

Emery argued that, in a Type 4 environment, adaptation is not possible unless one somehow comes to grips with the complex interaction of the effects that different parts of the ecological-social-economic-political environment are having on one another; e.g. how the level of CO₂ in the air interacts with warming oceans, melting ice sheets, de-forestation, changing ocean currents, natural long-term climate cycles, growing

affluence and urbanization of populations, etc – and what are the positive and negative feedback loops within this environmental system? We are only starting to ask and demand answers to these highly complex questions. The answers are critical because they will help leaders determine the nature of the environment in which they will be planning and initiating action. Leaders in Type 4 environments should be held accountable for explicitly declaring the assumptions they are making about the world that underpin their chosen plans and strategies.

Emery foresaw in 1977 that Type 4 environments "are the environments into which most modern countries appear to be moving and it is not sure whether adaptation is very probable. Certainly it is doubtful that individual systems can by their own efforts successively adapt to such richly textured fields" (Emery, 1977, p.11). He goes on to say that traditional forms of strategic planning will not be useful in these types of environment.

This point has been reinforced by other writers. For example, Taylor and Wacker (1997) in their book "The 500 Year Delta" examined the key forces that are creating the Type 4 environment Emery had forecast and suggested ways that we could best survive in this more chaotic world. They argued: "In Chaos you cannot do, you cannot plan, you cannot reason to an end point. In Chaos, you can only be" (Taylor & Wacker, 1997, p.16). This is similar to Emery's position (summarised more fully below) that "man's greatest hope for coping with uncertainty lies in the emergence of widely shared values and ideals" (Emery, 1977, p.67); i.e. in the emergence of new ways of being.

Margaret Wheatley (1994) in her international best seller "Leadership and the New Science"; Joseph Jaworski (1998) in "Synchronicity"; and Peter Senge, C. Otto Scharmer, Joseph Jaworski and Betty Sue Flowers (2005) in "Presence" all explore new ways that leaders might navigate more successfully in today's complex and chaotic world. They all agree that successfully navigating through today's complexity involves becoming a different kind of person who experiences and lives in the world in very different ways to leaders of the past. For example, leaders must learn to give up old notions of control and pursue new ideals of self-organisation and trust in the emergence of unpredictable order from appropriately cultivated social systems.

To quote Taylor and Wacker again: "When a paradigm shifts as is now happening, experience is quite possibly the worst teacher in town" (Taylor & Wacker, 1997, p.16).

Therefore, in Type 4 environments, leaders will be promising more than they can deliver if they claim to be able to help their constituencies achieve desired goals through the implementation of strategies that involve the organisation/society and its institutions acting independently of others and without regard for the nature of their impact on the natural/social/political/economic environment and without regard for potential feedback effects that might change how we see ourselves and others and how we live in the world.

The only forms of leader behaviour that are likely to be relevant in Type 4 environments (and which therefore should be the basis on which we judge the effectiveness of a leader's plans and performance and hold him/her accountable) are those that reduce complexity and uncertainty by some combination of: (i) segmenting the environment, (ii) devaluing the worth/importance of others, (iii) lowering the emotional

investment in goals, or (iv) by fostering shared values/ideals and collaborating with others based on those shared values/ideals. Emery argued that these four strategies were potential strategies for navigating in Type 4 environments. Some he saw as adaptive strategies and some he saw as maladaptive.

In practice, these strategies for building capability to live in a Type 4 environment could involve:

A. Segmenting the environment – striking bi-lateral agreements rather than grappling with multi-national agreements; promoting centres of excellence rather than omnibus institutions; fostering a return to local communities vs globalization; dividing the world into black/white categories such as those who are "with us" or "against us"; etc.

B. Devaluing the worth of others – rejecting refugees as "queue jumpers" or potential terrorists; labeling certain religious and political groups as "evil"; cutting off communication and valuable business dealings with those who do not agree with us; criticising private equity funds as undermining the sound operation of business; describing civilian casualties in war as "collateral damage"; etc.

C. Lowering the emotional investment in goals – discouraging the pursuit of energy-rich and materialistic lifestyles; shifting from "winning the war on terror" to "understanding and living with difference"; replacing goals of "growth" with a new focus on the dynamic processes that underpin sustainability, happiness and quality relationships; re-focusing on who we are rather than on what we have; etc.

D. Fostering shared values/ideals – building or strengthening local, national and global governance systems founded on shared principles and ideals about how we might all live together in harmony with each other and with our environment. The values and ideals embraced here will influence the decisions our leaders (and the rest of us) make when selecting the "right" mix of strategies from A-C above.

We can today see political and corporate leaders and non-profit leaders incorporating a mix of many of these strategies into their party platforms and organizational strategies. In evaluating the effectiveness of the leaders who espouse these strategies (and in holding them accountable for the outcomes of their strategies and their leadership) we should be asking ourselves:

- Do the strategies selected for reducing uncertainty and complexity and for living harmoniously and sustainably with them reflect the values and shared ideals that define the desired identity of the community/organisation being led? In other words, do we like who we are becoming as individuals, families, communities, and nations by following a particular leader?
- Is the leader enhancing our understanding of and strengthening our relationships and our ability to work together with the other parties who live in our shared environment and have effects on it?

- Do they build our capacity to learn, to understand and to incorporate our shared ideals and values in everything we do – and our capacity to help others to do so as well?
- Do they help us live flexibly and tolerantly with the uncertainty and complexity of our turbulent Type 4 environment rather than striving fruitlessly for control, goals, achievements and types of influence that were only relevant in a simpler and more stable environment that no longer exists?

In evaluating candidates for leadership positions, whether in government or businesses or not-for-profit organizations, we would do well to consider the kind of environment they will be operating in and the kinds of strategies (and ways of being) that are likely to be successful in that type of environment. We should then evaluate a candidate's suitability for a leadership role by reference to: (a) their proposed leadership strategy and its appropriateness for the environment we are in; (b) the values/ideals underpinning how they intend to interact with us and with other leaders; and (c) their past success in implementing strategies that are relevant to today's environments and the extent to which they have delivered the outcomes and quality of life that were promised.

In Type 4 environments, it is not acceptable for leaders to claim that successes are due to them and failures are due to factors beyond their control. The important forces will always be beyond their control in these environments. It is how the leader helps us to learn about ourselves and others and the world around us and build our capability to live with uncertainty and diversity that is, in today's world, the real test of leadership.

Kevin Rudd, the newly elected Australian Prime Minister, and the Australian Labor Party may have knowingly or unknowingly adopted Fred Emery's winning strategy for turbulent environments when they placed emphasis on who we are becoming as Australians and what values and shared principles we stand for, not just on what we have and what further material gain we aspire to.

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