
Capabilities v. competencies: the differentiating leaders from managers debate

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Within the framework of the developmental perspective, the quest for new leadership has resulted in the theoretical distinction between leaders and the leadership role, and manager and the management role. The transformational leadership thesis flagged this separation and opened the flood-gates for a leadership revival through the reincarnation of the “charismatic” leader. The “age of value” (c. 1980-90), “age of ideology” (c. 1990) and the emerging “age of spirituality” (c. 1995) aided their distinct differentiation. Selznick (1957), for example examines leadership by distinguishing it from management. The leader, in his view, is concerned with “critical” as opposed to “routine” decisions in the organization. Critical decisions have to do with the definition of the purpose of the organization. In contrast, Burns (1978, p. 12) sees leadership “as a special form of power”, where power is the mode of utilizing resources to achieve certain goals. Power, however, is not interpreted in any mechanical sense and as such is not always coercive. In his reformulation of leadership, Burns (1978) classifies leadership as “transactional” and “transformational”. He considers that transactional leadership involves the exchange of valued goods, such as the exchange of votes for particular programmes on the part of politicians and the electorate. Transactional leaders may be found as leaders of small groups; opinion leaders in political parties; and in legislative and executive leadership. For Tucker (1981), leadership involves activities which are political in nature and are responses to addressing problem situations. Kakabadse (1991) redefines and operationalizes Burns’ leadership classification into the categories of “discretionary” and “prescribed”, where discretionary leadership activity involves attending to non-prescribed tasks, comparable to Selznick’s (1957) “critical” decisions. Kakabadse’s (1991) discretionary leaders concern themselves with tasks such as setting agendas and vision, and the establishment and maintenance of relationships. Prescribed leadership involves spending time on more structured tasks, such as activities within functions such as sales and marketing, or the implementation of strategies or tasks that Selznick (1957) calls “routine” decisions in the organization. Effective leadership for Kakabadse (1991) is one where the leader adopts a philosophy that is discretionary and developmental in nature, but still transactionally focuses on the operationalization of leadership in private and public sector organizations, at both the individual and team level.

While Selznick’s (1957), Burns’ (1978), Tucker’s (1981) and Bennis’ (1984) studies made advances from the functionalist approaches to leadership, in so far as they account for political and social action in more than objectivistic terms,

they still contain an implicit hierarchical definition of leadership, which abstracts leadership as a property possessed by some individuals (Sayles, 1979). In so doing, they do not address the essence of leadership, the critical spirit, that aspect which is necessary for a leader to be able to understand contexts. Furthermore they treat leadership as a volunteeristic trait, where one simply chooses to exert leadership. Kakabadse's (1991) model goes a step further and addresses the essence of leadership, raising human consciousness by creating meanings and evaluating motives and goals against existing and emerging structures and vision that is located in the near and far future.

This distinction between transformational and transactional leadership has attracted considerable debate. The emerging argument holds that "most leaders are good managers, but good managers are not necessarily good leaders" (Warburton, 1993, p. 29) and that the world beyond the 1990s will not belong to managers, but to passionate, driven leaders who are innovative path-finders able to empower others to lead themselves (Fairholm, 1991; Leavett, 1987; Manz and Sims, 1990; Warburton, 1993).

The argument holds that managers are transactional technologists who maintain the balance of operations and are process- or means-oriented (Burns, 1978). They are "caretakers of the status quo" (Warburton, 1993, p. 28) who think in terms of replicability with a focus on control and accountability (Bennis, 1984). Managers relate to other actors in role-terms and favour loyalty, conformity, co-ordination and team spirit (Bradford and Cohen, 1984; Fairholm, 1991; Manz and Sims, 1990; Nibly, 1984). They prefer security and are effective in situations where they can direct the desired behaviour, control deviation from set norms and punish recalcitrance (Zemke, 1987). Managers favour proven technologies and hierarchical structures as they are predictable and are, in themselves, a form of control (McDermott, 1969, p. 35). Managers avoid complexity and attempt to ensure tangible, detached control to limit the danger and insecurity of uncertainty (McAdam, 1993, p. 8) producing mediocrity and suffocating innovation and creativity (Fairholm, 1991).

Notwithstanding that "rationality" and "irrationality", human forces that seldom can be ordered and controlled, appear to be central to the human condition and the fact that rationality is often irrationality in disguise (Freud, 1922), managers tend to fear the irrational and use reason to bring its manifestation under control. In the process of rationalizing the irrational, to make them more secure and in control, managers often miss the hidden meaning and significance of actions that shape the organization (Morgan, 1986).

For example, the rationality expressed by Taylor (1911) may have disguised an extreme form of compulsiveness, just as the contemporary manager's excessive concern for clear-cut targets and goals may disguise a basic insecurity in life, anxiety, inferiority or insignificance (Kanter, 1977; Manz and Sims, 1990; Morgan, 1986). Psychologically-powerless managers turn to the domination and control of others, invoking "power tools" (status, rules and procedures) as a response to the restrictiveness of their own situation

(Kanter, 1977). Thus, it is argued, considerable evidence supports the view that managers are autocratic leaders or “strong men” (Manz and Sims, 1990) who, through their commands, exercise positional power in order to secure fear-based compliance from others. In terms of leadership style they are limbic leaders (instinctive, tangible and results-oriented) dominated by left-brain functions (analytical, elemental and rational) and exhibit behaviour that values analytical precision, close control and supervision, punitive and evaluative measures (Burgelman, 1990; McAdam, 1993). They are evaluative thinkers that are convergent in character, who, through the control of the flow of information and ideas, build emotional and physical blocks that prevent innovation (Henry, 1991). Managers are in action by “operating the ship” or “rowing the boat”.

Furthermore, it is argued that managers exhibit a Kantian (1901) attitude towards the world, characterized by hostility and distrust of everything that is new; they dread chaos. They, in a Kantian (1901) fashion, consider that both contextual parameters (Kant’s external world) and human behaviour (Kant’s internal nature) have to be formed, organized and dominated by rationality (Kantian understanding and reason) and by a rationality-guided volition in order to make them safe. Thus, they share the Kantian (1901) fear of “transcendental contingency”. They fear that the objects (people, artefacts) could behave among themselves in a way quite different from the laws of their experience and thinking unless they bind actors from the outset by these laws.

In contrast (perhaps influenced by the writings of Confucius; Aristotle, 1911; Plato, 1952; and the Bible), leaders are considered to be transformational philosophers who are creative and outcome or ends-oriented (Bennis, 1984; Bennis and Nanus, 1985; Burns, 1978; Peters and Waterman, 1982; Zaleznik, 1977). Their attitude towards the world can be characterized as loving, trusting, surrendering to it in affectionate vision of philosophical genius. They are designers who think globally with the long-term horizon in terms of renewal and operate outside the constraints of structure, often breaking the mould in order to create and achieve a set vision (Bradford and Cohen, 1984; Henry, 1991; McAller, 1991; Nibly, 1984; Selznick, 1957). They actively search for new frontiers and place a high emphasis on values, creativity, intelligence, integrity, co-operation and sobriety.

Leaders are self-confident, mature individuals who understand themselves and how they differ from the group (Bass, Avolio and Goodheim, 1987; Bennis, 1984, 1989; Frey, 1993; Warburton, 1993), who effectively use symbols (words, objects, processes, physical settings and arrangements) (Bennis, 1982) and encourage leadership behaviour in others (Manz and Sims, 1990; Whicker and Kronenfeld, 1987). They focus on values, expectations and context and are inspirational in their approach (Manz and Sims, 1990; Warburton, 1993). Leaders integrate and internalize value principles (Hersey and Blanchard, 1969; Maier, 1967; Peters and Austin, 1985; Whicker and Kronenfeld, 1987) and teach them to their followers who, in turn, can internalize and express them as independent actions (self-empowerment) (Fairholm, 1991; Warburton, 1993;

Whicker and Kronenfeld, 1987). The behavioural responses of self-assured leaders (Bass, 1981; Maslow, 1971; Metzger, 1987; Ng, 1980) generate an empowering, freedom-enhancing environment (Kanter, 1977).

Leaders build socio-psychological contracts with their followers that allow the leader to lead voluntarily towards common action, whether or not the leader is present to oversee the behaviour of their followers. It is through such implicit understanding that leaders inspire innovation from their followers (Fairholm, 1991; Hodgson, 1988; Warburton, 1993). In terms of leadership style, they are cerebral leaders (conceptual, intellectual and design oriented), dominated by right-brain functions (holistic, integrative and artistic/emotional) and exhibit behaviour that values a sense of identity, emotional integrity, flexibility and empowerment (McAdam, 1993; Manz and Sims, 1991). They are imaginative thinkers who are expansive in nature and who actively work on the removal of barriers to creative actions by fostering a creative formative context encouraging innovation (Henry, 1991). They are in the centre of action by "steering the ship".

It is argued that the contemporary leadership literature supports the view that leaders are "ideological" (visionary or philosophical) super-heroes who can inspire and empower others to lead themselves. These super-heroes have ascended from the first order of knowledge; knowledge for the sake of domination, also known as knowledge of positive science, to the second order of knowledge, the knowledge of essence or the knowledge of personal culture. "New Age" scholars express a need for an intellectual leap forward or transcendence from the pragmatic dimension of leadership to the philosophical dimension of leadership. The same values and traits that define leaders (creativity, vision, intelligence, integrity, energy) are screened out in the organizational selection process in favour of conformity, loyalty, mediocrity, masculinity and team spirit (Fairholm, 1991; Korac-Boisvert, 1994).

After a century of management control, measurements, systems, performance and productivity, managers predominate in contemporary organizations to the virtual exclusion of leaders (Fairholm, 1991; Korac-Boisvert, 1994). The CEO of General Electric, Jack Welch (quoted in Manz and Sims, 1991, p. 27), poignantly summarized this situation by stating that "we have to undo a 100-year-old concept and convince our managers that their role is not to control people and stay 'on top' of things but rather to guide, energise and excite". Perhaps this scarcity of leadership resources is the *raison d'être* for the quest for sensuous, knowledgeable, practical and active business-athletes or "New age" leaders (Banner and Blessingame, 1988; Senge, 1992) who can transcend mediocrity and provide synergy for the synthesis of the phenomenological dimensions of social actors: embodiment, empowerment and enselfment, with the ontologically unstable dimensions of institutional arrangements (economical, political and ideological) that objectify the social landscape (Ahrne, 1990).

In summary, the conventional wisdom of management models is seriously challenged as being inappropriate to all social and organized settings, especially where contextual dynamics are intense, rapid or “turbulent” (Emery and Trist, 1965) and, perhaps, even chronically perplexed by paradoxes.

The overview of leadership debate has provided for two distinctions in the subject that clearly need to be taken into account, namely transformational and transactional. In essence, transactional leadership refers to the interactions between individuals and groups and by so doing, the context within which the intervention occurs needs to be taken into consideration. Context is a powerful force, for it can influence both the quality of the interaction and the parameters that bind its beginning and end. By being so context bound, transactional leadership more neatly equates with management.

In contrast, transformational leadership is proactive, but beyond particular contexts. Transformational leaders may not only extend the boundaries of particular contexts, but may equally dismantle the very pillars of that contextual framework. By so doing, transformational leadership is individualistic by nature with, at times, little respect paid to the maintenance of existing contextual patterns of interaction, a hallmark of transactional leadership. With transformational leadership, boundaries are broken and rebuilt, with the uncomfortable occurrence of scant attention being paid to the ensuing human cost. Within the bounds of transactional leadership, incremental adjustment to boundaries highlights its conceptual underpinnings and fundamental philosophical precept of “get the best out of the people you’ve got!” (Thomasma, 1993).

Hence, context is a fundamental differentiation between transactional and transformational leadership, attributing the former to the management camp. A second differentiation requires highlighting within the transformational category, and that is, the nature of individualism. Is the individual “born with” a greatness that transcends boundaries? Or is an individual of “normal” propensities required through circumstance and crisis to redefine direction and contextual parameters, with a superiority that is not based on a formality of command? From the so called “great man theory” (Bernard, 1926; Tead, 1935) to the more current flavour of “developed from humble beginnings”, both of which underlie the transformational leadership thesis (Avolio, Waldman and Yammarino, 1991; Tichy and Devanna, 1986), which includes “new age” value leadership (Banner and Blessingame, 1988; Bennis and Nanus, 1985; Fairholm 1991; Senge 1992), the debate of “was I born great?”, or “was greatness thrust upon me?”, is undecided and continues.

This leadership overview captures the key distinctions of praxis leadership, namely transformational and transactional, subdivided further into individual, contextual and developmental. These subdivisions reflect the drifts in the literature, whereby transactional leadership draws somewhat upon both the inherent characteristics of individuals and the developmental routes to enlightenment schools of thought, but principally reflects

contextualism. The emphasis throughout the transactional model is whatever organizationally works, use it. Transformational leadership enquiry draws on individual character and routeways to development, emphasizing the nature of big time leadership. However, transformational leadership also requires contextual appreciation, as it is assumed that leaders cannot continually lead, but do need to be exposed to the management of daily transactions. Hence, transactional and transformational leadership are linked, in terms of behaviour, but substantially different in terms of philosophy and perspective.