

## VIEWPOINT

**Leadership Behaviour that Inspires Others to Conspire**

Kamal K. Jain

**'It is better not to make merit a matter of reward lest people conspire and contend'.****- Lao Tzu**

'No one can lead who does not first acquire power, and no leader can be great who does not know how to use power', goes an old saying. Why do many leaders display remarkable tenacity whilst amassing power? And why do a handful of them crash once they've acquired it? The pursuit of power changes people in profound ways. Once on the top, people often feel compelled to give up the same attitudes and behaviours such as modesty, courtesy, compassion, prudence and self-restraint that made them successful in the first place. Not many people use great power for great purpose. For many people there is nothing there but the desire for more power. They have no agenda but to dominate other men. It is at this time that these successful leaders demonstrate certain behaviour that inspires others to conspire. Be mindful of the fact that their destructive effect can be so large that it can be likened to Tsunami. The ripple effect created by the collapse of Enron and Satyam will hang in the minds of people, howsoever-short human memory could be. Those who have greater potential to create value are also likely to flounder it. Chairman of Housing Development Finance Corporation, Deepak Parekh, speaking on 44th convocation of IIM Ahmedabad, observed, 'The more successful you get, the higher the chances of being pulled into unethical and immoral business practices.' These leaders get results because they are irresistibly charming, exercise great personal magnetism and inspire others. Inspiring others for a noble cause? Essential. Inspiring others to conspire? Possible. Want to figure out how? Let us try.

**I. Results Get a Centre Stage and the Processes Gets Dethroned**

Why not? Anyone who has seen competition would be tempted to ask this. How do you outing and outsmart your competitors if you do not focus on results? Propagate this theory and you give enough reason to people to conspire. Remember the joke about performance appraisal. A man was sleeping in his house. Suddenly, Yamaraj appeared and said, 'go out and enjoy. Nothing will happen to you for the next 10 years.' He did so and met with an accident and died. On the way to heaven is hell...saw Yamaraj whistling and relaxing. He asked, 'Yamraj, why did you lie to me ?' '...sorry son, appraisal time, had to achieve target...'

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Metrics in performance assessment package all come as numbers. 'The problem is that numbers-driven managers often end up producing reams of low-quality data', says Andrew Likierman. In his article 'The Five Traps of Performance Measurement' in Harvard Business Review, he cited that in 2002 a leaked internal memo from associates at Clifford Chance, one of the world's largest law firms, contended that pressure to deliver billable hours had encouraged its lawyers to pad their numbers and created an incentive to allocate to senior associates work that could be done by less expensive junior associates. Lawyers aren't the only ones: a number of prominent companies have been caught trying to manipulate their numbers. Since 2004, Royal Dutch Shell has paid \$470 million to settle lawsuits relating to its overstatement of reserves. Morgan Stanley was reportedly willing to lose 20 million on a securities trade for the Finnish government just before closing its books for 2004 to improve its position in the league table for global equity capital market rankings. He further continues by stating that you can't prevent people from gaming numbers, no matter how outstanding your organisation. The moment you choose to manage by a metric, you invite your managers to manipulate it. Metrics are only proxies for performance. Someone who has learned how to optimise a metric without actually having to perform will often do just that.

Amy C Edmonson, in the article 'Competitive Imperatives of Learning' which appeared in July 2008 issue of Harvard Business Review, highlighted that when organisations get fixated too much on efficiency, critical information and ideas fail to rise to the top. 'When people get the message that speed, efficiency and results are what matter, they become exceedingly reluctant to risk taking up managers' time with any but the most certain and positive of inputs. They don't offer ideas, concerns or even questions.' One study at a high-tech multinational found that more than half the employees believed it was unsafe to say what was on their minds. Subsequent interviews revealed that employees withheld not only bad news but also new ideas; both seemed risky because of higher-ups' emphasis on superb and timely performance. Jack Welch, in his famous book 'Winning', mentioned that when people don't express themselves frankly, they damage operations and the company greatly. Being non-candid is a subtle way of conspiracy against the company and its leaders. But who pushes people into this?

## 2. Result Rewards Linkage

Tell a salesman that a reward of 10% (Rs. 1 lakh in monetary terms) is up for grab if he meets his sales target of Rs. 10 lakhs. Now if he has sold goods worth Rs. 9.75 lakhs, what should he do? Buy goods worth Rs. 0.25 lakhs himself or force a dealer to place order for additional Rs. 0.25 lakhs at no extra cost. Makes sense! This will not be an isolated case. Leaders produce, what Gary Hamel says, denominator managers (managers who downsize, declutter, divest and delay under pressure for quick return on investment).

To motivate people to execute well, companies often reward those divisions or plants with the best performance. This can make people reluctant to share ideas or best practices with their colleagues in other groups. So far so good. But these divisions, plants and individuals start conspiring against each other to prove that they are better than others. This results into unhealthy internal competition.

In his famous book, 'Punished by Rewards: The Trouble With Gold Stars, Incentive Plans, A's, Praise, and Other Bribes', Alfie Kohn says, 'Get rid of all rewards.' He observed that rewards actually interfere with motivation and lower morale, quality and productivity. According to him 'motivating' people usually means 'making them do what you want.' It is coercive and controlling, and people respond by rebelling. The rebellion is either direct - the employee responds by 'making a scene', or indirect - the employee begins a campaign to undermine the manager. And there begins the endless loop of control and rebellion.

In truth, the best a manager can do 'is set up certain conditions that will maximise the probability of (the employee) developing an interest...and remove the conditions that (constrain).' In other words, the best thing a manager can do is to treat employees with respect. According to the research anthology 'Paying for Productivity: A Look at the Evidence', 'Changing the way workers are treated may boost productivity more than changing the way they are paid.'

### **3. Considering Organisation's Achievement as Their Personal Achievement**

If a leader has contributed to the growth of a company in a big way, there is immense danger of confusing company's achievements as his personal achievement. Sydney Finkelstein, in his article, 'Seven Habits of Spectacularly Unsuccessful People', stated that the most surprising thing that may happen when chief executive officers identify too much with their company is that they may become less careful with the company's assets. When leaders identify with their companies too much, they become increasingly likely to use corporate funds for personal reasons. They feel that their personal travel shall be treated as a business expense. Because they work long hours and they give up their private lives for the company they come to believe that everything they do is 'for the company' and should be paid for by the company.

This twisted logic seems to have been one of the factors shaping the behaviour of Dennis Kozlowski of Tyco. His pride in his company and his pride in his own extravagance were not in conflict but seem, in fact, to have reinforced each other. This is why he could sound so innocent and sincere, making speeches about the need for ethical conduct in business whilst simultaneously using corporate funds for personal purposes. If Kozlowski seemed utterly shameless, it was because in his own mind, these things demonstrated his worth to his company and to society.

Take the case of Frank Newman at Bankers Trust in 1998. On 03 September, 2 days after Newman announced the \$350 million trading loss, he and Lizabeth jumped on BT's G-IV jet and flew to Paris for the long weekend. In fact, Newman and his wife used the jet so frequently that the airplane personnel reportedly used to call him "Alpha" and her "Alpha2."

In late September, Bankers Trust sponsored an opening-night gala at Carnegie Hall. Newman and his wife flanked First Lady Hillary Clinton during the performance, and a society-page photo of the couple appeared in the Sunday New York Times. Bank employees report

seeing an enlarged copy of the picture, with a derisive caption added, posted at bank headquarters (reported by A Serwer in Fortune Magazine).

Such people want to be 'larger than life', 'legendary', and 'awe-inspiring'. In the pursuit of their ambitions they spread most fatal contagious virus amongst their followers. When leaders believe that means justify end, they actually encourage followers to conspire.

#### **4. Everyone Is Doing It**

Leaders also justify their actions by claiming, 'everyone is doing it'. Warren Buffett once said of companies who manipulate their financial statements, 'A great group of people involved would not have behaved in the manner they did except for the fact that they felt others were doing it as well. So every time you hear that phrase that everyone else is doing it, it should raise a huge, red flag'. 'Always bear in mind', said Deepak Parekh, 'that your reputation once lost, is almost impossible to earn back. There is no such thing as a temporary breach of integrity - you cannot make amendments later. So do not stay in any place where doing the right thing is not an option. Work honestly, make people trust you and let them depend on your integrity.' When the tide runs out, you can see who is swimming naked, said Warren Buffett rather aptly.

It is thus evident that leaders because of charisma, power and position that they hold are in a strong position to inspire others. At the same time certain behaviour of a leader, consciously or subconsciously, can tempt people to conspire. It is time that we get aware of this. In every reader sits a leader, ready to 'rule' the world, ah sorry, 'serve' the world.

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