

# Chapter 1

## Introduction



**Keyword** Icelandic leadership

From the southwest to the northeast, the rift of the Mid-Atlantic Ridge crosses Iceland. As this rift divides the Eurasian and the North American tectonic plates, one can stand on different continents at the same time. Rather metaphorically, the roots of Icelandic culture and leadership stem from both Northern America and the neighboring Nordic countries. An island geographically, and a small nation statistically, in the several last decades, Iceland has piqued genuine curiosity around the world regarding a multitude of factors, including leading positions in gender equality, sports championships, or effective recovery from the crisis. The question “How did you manage to attain these results?” is often cloaked as in mystery.

As we publish this book in 2018, Iceland has a reason to celebrate—10 years have passed since 2008 when a relatively small island had the unwanted attention of the whole world as it was the first to be severely hit by the financial crisis. The magnitude of this collapse was so large that it could have been associated with either a survival or a fall of the whole nation. What could have easily turned into a catastrophe, however, became a successful case and a significant part of the economic history of the country. As a result, a long trail of research and discussions surrounding the crisis, its antecedents and consequences among the scholars, practitioners, policymakers, and society, chased the country. While a large part of this discussion has been nested within economics and politics, some blank spots now have formed in regard to other domains, such as leadership.

This book focuses not on the crisis of 2008 but on a bigger picture of cultural, societal, and entrepreneurial transformations where leadership has a central role. When survival of Iceland is considered, resilience, which often generally comes at play, is just a tip of an iceberg. In discourse on survival of Iceland with regard to successful recovery from the crisis, leadership emerges as an overlooked factor that contributed to the survival of the country. On a deeper level of analysis, resilience indeed appears as not only an outcome but also an antecedent to leadership. The purpose of this book is to explore beyond the tip of an iceberg and unpack the leadership phenomenon in Iceland—that is, in a way demystify the Icelandic leadership through cultural, social, and entrepreneurial uniqueness.

While writing this book, we were many times asked if it is a book on leadership in Iceland or a book on Icelandic leadership. As the chapters of this book disclose, leadership in Iceland can be characterized through the lenses of adaptive and situational leadership, accompanied with follower-centrism and gender equality. At the same time, if there is a type of leadership that would be called “reinventing,” it perhaps could be associated with Icelandic leadership.

Leadership development in Iceland resembles the logic of sagas, where certain leadership emergence and establishment manifests through a series of arduous actions that trigger a social transformation. By definition, leadership in Iceland evolves through a set of challenging natural, humanitarian, or economic events, be it a volcanic eruption or a collapse of the economy. The continuous fate of facing the challenges that emerge beyond individual control, from the outer environment, has been a leitmotif of Icelandic history, with geographical isolation, active volcanoes, breaking glaciers, and other examples. Nevertheless, as *Fóstbræðra saga*, one of the Icelandic sagas from the thirteenth century, tells, “If a man’s time has not come, something will save him.” It could be suggested that Icelanders live in sagas to this day: when one could see the ramification over the horizon, at the very last moment, they often develop a solution.

For example, the hot springs in Iceland’s Blue Lagoon, admired by tourists, mark the Iceland’s leadership in renewable energy, through glaciers and rivers that were employed to generate the electricity through geothermal fields and hydropower, and geothermal water supplies delivered to the most Icelandic homes. What is often unknown is that harnessing geothermal energy to a great level was evoked by the oil crisis in the 1980s. After the crisis, many countries returned to the oil-dependent energy, while Iceland continued to develop renewable, geothermal energy, what soon substantially contributed to the country’s transformation from one of the economically weakest, to one of the most developed countries in the world. This story of economic leadership, which was later hampered by the economic collapse in 2008 and restored again, may have its roots deeper in the cultural and social uniqueness.

Indeed, if one could frame the leadership in Iceland, it could perhaps be coined as a phrase “what shakes you, shapes you.” As a reflection on icebergs, for example, from the time of the settlement of Icelanders to the eighteenth century, they exposed a greater knowledge and experience of glaciers than most nations (Björnsson 2017). In direct terms, Icelanders have had extensive experiential learning with regard to uncontrollable events, such as breaking of glaciers that expose one to risky consequences. Such an experience is an example of the continuous struggle for survival in an inhospitable country and the “Vikings” or settlement heritage (Loftsdóttir 2010).

In fact, it was not until the great smog hit the country when Icelanders developed the idea of harnessing geothermal power that eventually contributed to their economic leadership. It was not until the economic crisis of 2008, which strongly hit the economy but suddenly, due to decreased prices, contributed to the growth of the tourism sector that was often considered irrelevant before. Icelanders have learned how to harness the crisis to a degree that the widely adopted Icelandic phrase “þetta reddast,” meaning, “it will turn out ok,” is often considered as a national motto.

Certainly, leadership development through external challenges also relies on the intrinsic potential, which can be illustrated through the examples of such a small nation as Icelanders making their way to the top in, for example, handball at the Olympic Games in Beijing in 2008 or reaching the quarter-finals stage at the UEFA European Championship in 2016, and FIFA World Cup in 2018. It seems that certain geographical isolation and the necessity to adapt to uncontrollable events, once again shapes a particular leadership mentality. Hence, living on an island per se requires developing a strong internal locus of control and being able to enact multiple roles. For example, for the majority of post-war years, it was very common for individuals to engage in multiple occupations (Guðmundsdóttir 2002). Similarly, most professional sportsmen in Iceland have a different primary profession with the former head coach of the football team, for example, firstly running his dental practice. Such a combination of multiple roles and activities calls for and promotes versatility and diversity among individuals, all relating to situational and adaptive leadership. In this vein, individuals continuously reinvent themselves and rediscover their leadership potential.

Leadership as a phenomenon in Iceland can be best understood through its advancement. Therefore, this book firstly unravels the cultural, societal, and entrepreneurial specifics of Iceland that result in contextually unique leadership. Secondly, the following chapters present a contextually sensitive grip on leadership vis-à-vis the prominent events that have triggered its development. The book is respectively organized in four parts. The Part I discloses the leadership in relation to Icelandic culture by providing a summary of historical development of the societal culture and leadership, the current organizational culture, and the expected leader profiles through the followers' perspective. The Part II of the book is dedicated to an exploration how leadership in Iceland is transforming, including the Icelandic business environment before and after the financial crisis of 2008, the entrepreneurial intents among Icelanders, and the investigation into the future of the tourism industry that currently is one of the key domains where entrepreneurial leadership is developing. A special focus in Part III is dedicated to the topic of gender equality which strongly correlates with the role of transforming societal values in shaping leadership behavior. The chapters in this part provide evidence on how generally praised gender equality, for which Iceland is always distinguished, transcends leadership and flips traditional perceptions of roles, albeit equivocally. The final, Part IV of this book presents four specific cases of leadership in action that are uniquely tied with the context of Iceland. These cases stem from a number of different fields that have recently deserved international interest and attention: entrepreneurship in pharmaceutical and fishing industries, public sector and politics, and sports. Being a first academic book on leadership in Iceland, it was written with an aim to serve as a basis for further research on contextually specific leadership, leadership education, and policy-making.

## References

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