



# Powerful or powerless? Beyond power and powerlessness: the Leipzig Leadership Model provides some answers

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## Abstract

Leadership is about more than simply wielding power. The Leipzig Leadership Model places the importance of consistently contributing to a greater good at the centre of the concept of leadership. The critical factor is what leaders use their power for and what they use as orientation in the process. In this article, we describe the model and its guiding idea. The model incorporates the conviction that, in a fundamentally uncontrollable world, it is important to remain capable of acting and develop an attitude whereby leaders define themselves through a value contribution rather than status, knowledge, or power.

**Keywords** Purpose · Entrepreneurial spirit · Responsibility · Effectiveness · Value contribution

## 1 Introduction

The axiom about power revealing the true face of man is well known. This can be in a positive sense, for instance the will to make a positive difference and that reveals itself in difficult situations. The exercise of power is often justified by the argument that anybody wanting to make a difference needs to be able to make tough decisions, but history and indeed even current events show just how quickly the wielding of power can mutate into tyranny, megalomania and delusions of potency. On the other hand, it does seem that we need a strong sense of internal control and self-efficacy if we are to take on leadership roles. After all, we know that far too many factors—many of them beyond our understanding—are at play in any given situation for us to have any semblance of control over them. In psychological terms, a healthy measure of narcissistic tendencies appears to be a sine qua non if we are to be good leaders—if we can't manage ourselves, it is

unlikely that we will be able to lead others. Ultimately, then, leadership is based on a positive self-image and a stable sense of self. When the sheer complexity of a leadership task becomes clear, it can easily provoke fear of failure and feelings of powerlessness. Leadership is, after all, lonely. On top of which, our idiosyncrasies, habits and foibles often prevent us processing information dispassionately, meaning that we cannot approach a task objectively. But no power is no answer either.

## 2 Different Zeitgeist, different model

Recent studies in leadership have tried to take the prevailing Zeitgeist into account and offer guidelines for leading change. For example, Bass's (1985) concept of *transformational leadership* construes influencing others positively and sees it as the power of visionary energy and intellectual stimulation. Political scientists refer to *soft power* (Nye 1990) which relies on the prestige of intangible assets and dispenses with economic power, to say nothing of military might, entirely. In Pearce and Conger's (2003) concept of *shared leadership*, power is collectivized and the exercise of it is shared among many hands, whereas Greenleaf's (2002) *servant leadership* puts wielding power in the service of a greater goal. Current shibboleths among contemporary theorists include *post-heroic management*, *systemic thought* and *participation*, while practitioners still seem to be getting good mileage out of the *Great Man Theory* as a way of

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explaining many senior executives' self-image and behavior, despite various and varied experiments—and there is no reason to believe that there will be any major changes any day soon as far as the state-of-the-art description of leadership theory and practice is concerned. Empirical research, with its constant rearranging of individual "variables", also seems unlikely to produce any categorical yet practicable declarations in the near future. At the same time, leadership styles that try to achieve ends by technocratic means are increasingly likely to fail in a complex and uncertain environment. It is against this background that the Leipzig Leadership Model (Kirchgeorg et al. 2019) attempts to re-examine recurrent principles of good leadership from a contemporary point of view and to provide practicable answers to perennial questions.

### 3 Classification of the model

The Leipzig Leadership Model is a multidimensional orientational framework conceived and developed by an interdisciplinary team at HHL Leipzig Graduate School of Management. The model's roots go back to discussions that have been going on at HHL since the late 1990s; these gained greater urgency with the onset of the financial crisis in 2007, and intensive exchange between theorists and practitioners gave rise to the first model soon thereafter. However, research into leadership carried out at academic institutions seems to be moving further and further away from leadership in practice, and the virtually incomprehensible number of extremely pragmatic and practicable approaches at hand often bear very little relation to the scientific discourse. The Leipzig Leadership Model is an attempt to provide a stepping stone between stringent academic analysis on the one hand and a deliberately framed degree of freedom in the concrete situation on the other. The result is an intentionally generic heuristic model that can be approached from both the theoretical and the practical side.

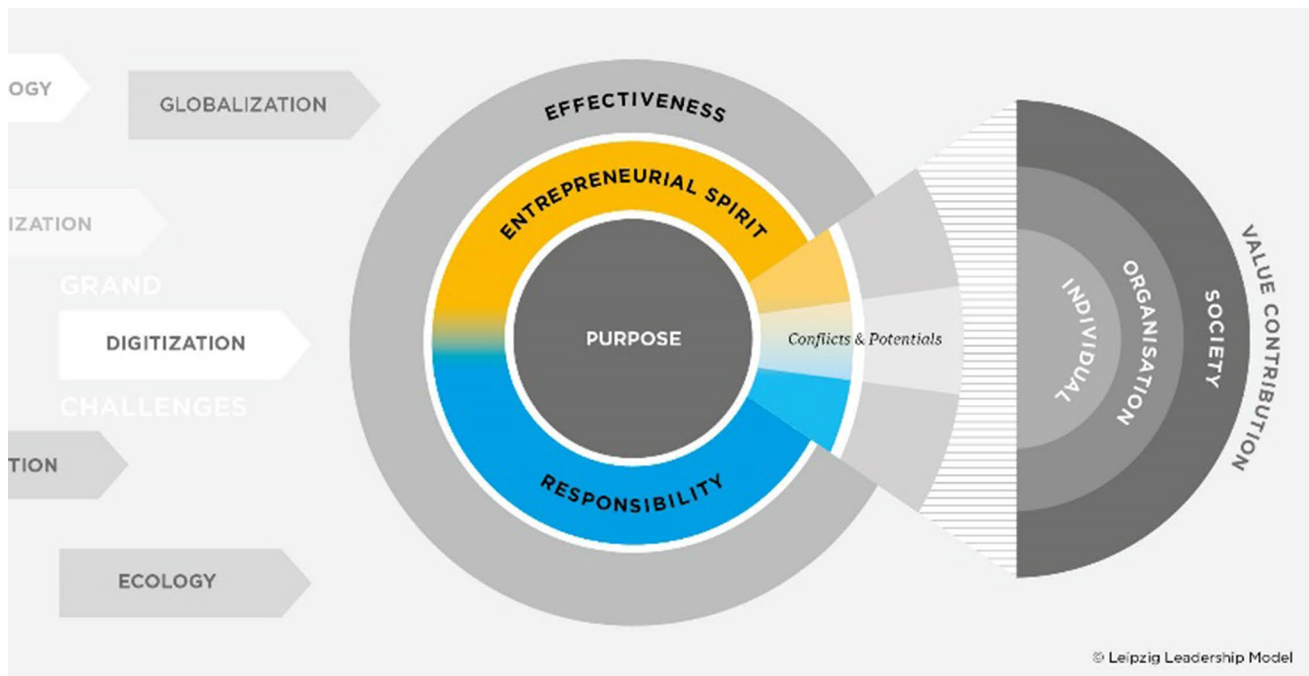
### 4 Liberal order as basic principle

One of the founding principles upon which the Leipzig Leadership Model is built is respect for the dignity of the individual and their right to personal freedom and participation. The normative starting point here is the belief that one of the great achievements of liberal order is that individuals can set their own goals and not have them foisted upon them from above. No group or society can survive if there is no broad consensus about what is needed for the group to function, and no freedom for individual members of that society cannot grow. The same principle can be applied to businesses and other organizations; all need what we can call a "license to operate" if they are to be effective over the long term.

Leadership exists in the space between dependency and freedom. The individual as an acting subject is not just a product of context but is also subjected by the context to boundaries that cannot be transgressed. From awareness of this and inspired by theories of both action and systems grows a perspective that assumes complex interactions between different levels of actor (individual, organization, society). Leadership is simultaneously made possible and restricted by the context of (social) continuity and innovation. Leadership activities and leadership performance also have a social function which cannot be reduced to the interactions between line managers and their subordinates nor to successful corporate governance.

### 5 The four dimensions of the model

The four cornerstones of the Leipzig Leadership Model are Purpose, Entrepreneurial Spirit, Responsibility and Effectiveness (see illustration).



They are the foundations of a structure that aims to help leaders ask the right questions and to usefully direct their focus. By placing fundamental core dimensions and their interrelations front and center, a perspective on leadership is opened up that gathers together into one heuristic model questions that frequently occur in practice and are discussed among academics. The resulting model is intended to provide orientation rather than prescriptions for leadership; it asks four questions on the personal, organizational and social levels:

- *Purpose*: Is it serving a greater good? (i.e. Why?)
- *Entrepreneurial Spirit*: Is it entrepreneurial? (i.e. How?)
- *Responsibility*: Is it responsible? (i.e. How?)
- *Effectiveness*: Is it effective? (i.e. What?)

Purpose focuses on the end-means relationship in leadership activities, i.e. the ‘Why?’, and on questions about the goal or aim of leadership decisions, about the legitimacy of a business model and the business as a whole. Self-reflection is at the center of the approach, meaning leaders’ internally driven, creative development of sense and meaning structures.

Entrepreneurial Spirit stands for the capacity that people, organizations and societies have for renewal and regeneration. There is no concrete object of action in this dimension, the focus is instead on the ability and capacity to act, to shape and to innovate. This entrepreneurial spirit plays an increasingly important role for established businesses which are undergoing transformation processes as

well as for start-ups in the usual sense. Thus the Leipzig Leadership Model foregrounds innovative leadership that is change-oriented.

Responsibility is a fundamental of good leadership, functioning as constraint on the pursuit of the purpose—the object of good leadership can only be a purpose that is achieved responsibly. Responsibility ensures that social criteria (the question of effect upon others) and temporal criteria (the question of sustainability) are given due consideration.

Leaders are always faced with the challenge of making decisions and taking actions which contribute individual, organizational and social value in the context of scarce resources and fierce competition, and so their choices must be carefully weighed. Good leadership must find the viable or the right way (Effectiveness) and must also approach it correctly (Efficiency), and must develop goal-oriented strategies, structures and processes. Effectiveness as a dimension ensures that good leadership focuses on objective criteria.

## 6 The guiding idea

The idea of value contribution as a measure of leadership performance embedded in the Leipzig Leadership Model addresses value in economic, cultural, social and other non-financial terms. Value can be said to be contributed when an input is met with sufficient approval from the individual, organization or society, to the extent that the expenditure of labor, capital and natural resources is justified. Parallel to this, the Responsibility dimension in the model stresses

that legitimate rights and interests of third parties must be respected. This means that leaders are not in a position to judge fully for themselves whether a certain value has been contributed, and this experience of limited agency in turn protects leaders from taking on too much responsibility. The idea of value contribution is the core component of a post-heroic management understanding of a leader as a participant in complex processes which they can influence but cannot mechanistically control. We can differentiate three levels of value contribution:

- *The individual level:* includes e.g. fundamental security and protection needs, job satisfaction, mental health, nurturing the will to perform and boosting creativity, and also encompasses opportunities for competency and personal development.
- *The organizational level:* includes aspects related broadly to a productive system's viability and its ability to change and grow. It encompasses very different goals, such as increasing competitiveness, attractiveness as an employer and for investors, and societal acceptance.
- *The societal level:* encompasses raising prosperity, safeguarding jobs and ensuring sparing use of resources; also stabilizing civic order by role-modeling responsible entrepreneurship. Aside from this stabilizing function, organizations are also drivers of change and social progress, as they innovate and present solutions to urgent challenges, and also contribute to wealth creation. One way of quantifying an organization's contribution to society is via its public value, a concept which depicts the organization's contribution to the common good and to the preservation of and innovation in the community (Meynhardt 2019).

## 7 The question of power in the Leipzig Leadership Model

Concerns related to justification and legitimation of authority play a major role in the Leipzig Leadership Model. Influence—meaning, ultimately, power—should always be exercised responsibly and the exerciser should always be able to explain the whys and the wherefores. Good leadership means making a contribution to a greater good without impinging on the legitimate rights and interests of third parties and leadership performance is constantly measured against the value contribution on the individual, the organizational and the societal levels.

The emphasis on Purpose results in a scope of performance that includes an awareness that leadership is part of a greater good, has a limited range and is a temporally limited role (it can be called "functional authority", "provisional power", or "borrowed power"). Exercising power,

for instance in allocating resources, controlling information flow or making personnel decisions, can only be legitimized by a Purpose that is wider than self-interest: "in the logic of Purpose, the role of the leader is defined as being part of a collective process that cannot be managed alone; it is neither almighty nor helpless. Leaders legitimize their exercise of power and influence through a motivational contribution to the greater good (purpose), and not through roles, hierarchies or status. A "servant leadership" in this sense does not mean deferring justifiable personal interests. It does not mean the application of morally questionable means without reflection either. As a rule, in difficult situations, leaders need to align themselves with a superior goal which plausibly measures itself by something other than personal advantage and is likely to legitimize decisions on a sustainable basis. The often rather complicated question of meaningfulness can be affirmed whenever one's own leadership behavior is connected to a clear and motivating "what for", which is validated within the community and society at least in the long term." (Kirchgeorg et al. 2019).

This quotation outlines how the Leipzig Leadership Model provides business leaders with answers to questions of power that go beyond an equivocating "it depends". The key to preventing leaders from falling victim to the hazards and temptations of power lies in orientating decisions on a socially accepted purpose or value contribution. Lord Acton's famous aphorism, that "power tends to corrupt, and absolute power corrupts absolutely", signposts the need for internalized norms and values. The Leipzig Leadership Model concretizes the essential commitment device in the form of a value contribution which has society and the common good in its sights, rather than just the individual or the organization. This last aspect demands stronger thinking from the perspective of society, which, by forming the framework for the market economy, creates the very conditions under which leaders can shape and exercise power. Opportunities for shared growth, thus allowing individual development, the pursuit of an organization's goals and the promotion of the common good occur again and again in the force field outlined by the Leipzig Leadership Model's four dimensions. The exercise of power and influence has a negative impact if the discrepancy between the various levels of operation grows too great, and if one-sided priorities lead to permanent dissatisfaction among the participants.

## 8 The model in practice

A leader takes on responsibility for the present and the future, and in this social role always wields power. With regard to understanding what leadership means, the Leipzig Leadership Model shifts the focus towards a logic of

contributing. While not every goal can be justified by any means, power wielded without a goal is arbitrary. Legitimate authority grows out of a purpose that is shared with others and arises from self-commitment that respects the legitimate interests of third parties. In adopting this understanding of power, the model proposes that any discussion of power and the lack of it be based on the question of what the power is used for and what values the leader abides by in exercising it. Above all, however, the Leipzig Leadership Model encourages leaders to adopt a clarity—often lacking today—in their role by not hiding behind practical constraints or avoiding the attribution of power associated with the social role. Clarity and sovereignty within the leadership role can only be achieved if leaders accept all the tensions inherent in the role and deal with its contradictions in an authentic way. Focusing on the Why as well as on the What and the How creates a framework in which leaders are encouraged to reflect on their own understanding of what "good leadership" means, using the four questions detailed earlier as a basis. The model reduces complexity to the barest minimum possible in line with Albert Einstein's dictum that everything should be made as simple as possible but not simpler. The result is a kind of skeleton for good leadership that provides the essential "bones" to which the leader must add the "meat" and "muscles" in the form of competencies and expertise. Leadership cannot be reduced to the simple exercise of power, yet overt and covert questions of power always play a role in leadership. The Leipzig Leadership Model puts the explicit discussion of means and ends forward as a way of approaching the responsibility of leadership. Stringently subjecting all decisions to the concept of making a contribution to a greater good is the best protection against the risks associated with wielding power. It prevents inadequate self-aggrandizement, encourages humility and promotes

self-reflection on the leadership role. And it also relieves leaders in a complex environment of pressure exerted by over-inflated expectations of their own impact.

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