



## The Competencies and Constraints That Determine Leadership Success

**A novel management theory looks past individual leaders to constraints that might limit their effectiveness.**

As a leader, you may sense the heavy mantle of work to be done, employees to motivate, bosses to impress, organisational culture to manoeuvre. Most leadership theories place all these burdens squarely on your shoulders: How you handle them all is entirely up to you. Concepts such as transparent leadership neglect external factors. Although leaders may be highly talented individuals, they are constrained by their environment and their own internal conditions.

Rather than making leaders solely responsible for their own effectiveness, we can allow a balance between managerial competences and the many constraints that limit leaders. With *bounded leadership*, we look past the leader's characteristics and consider the many constraints they encounter at the individual, team, organisational and stakeholder levels.

Co-written with **Andrzej Krzysztof Kozminski**, **Anna Baczyńska** and **Michael Haenlein**, our **article** in the *European Management Journal* found that leaders' competencies are not enough for them to be effective. Our study of middle-level managers in Poland included 97 participants, around 57 percent of whom were men. Using focused questionnaires, we found clear indicators of their competencies and constraints. When we matched certain competencies with a specific set of

constraints, we cleared the path for leaders to increase their effectiveness.

### Competencies

In bounded leadership, we see five distinct abilities leaders require to be effective:

- **Anticipation competence:** The ability to predict market patterns and conditions, which are essential to the organisation, such as future trends or customer needs
- **Mobilisation competence:** The ability to inspire employees to put an extraordinary effort into their work
- **Self-reflection competence:** The ability to analyse past experiences and draw useful conclusions
- **Values-creation competence:** The ability to promote a leader's values in the organisation
- **Visionary competence:** The ability to create an attractive vision of the organisation, communicate this vision to followers and empower them to implement it

Each of these competencies presents several hurdles. We have narrowed these down to the following constraints: cultural (difficulties in changing values and norms), emotional (strong negative emotions that prevent rational behaviour),

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entitlement (formalised organisational responsibilities and hierarchy), ethical (leaders' dilemmas), informational (difficulties in processing or collecting data), motivational (problems with inspiring others) and political (office politics and power plays).

### *Anticipation*

Leaders might easily see what the future holds for their industry but distinct constraints – informational and ethical – can prevent them from effectively using their anticipation competence. Red flags should go up when a leader insists their gut is a better indicator than data. Yet a report from KPMG shows that **56 percent of CEOs** don't trust the data they use when making decisions.

To overcome these constraints, a leader needs to pay attention to various details, cooperate with outstanding **analysts**, be able to understand them and draw conclusions. **Vishal Marria**, CEO of Quantexa, an anti-fraud firm harnessing AI to crack down on money laundering and improve decision making, recommends combining the best of human and machine intelligence.

### *Mobilisation*

When encouraging or stimulating employees to act, the particular constraints at hand are entitlement, political and motivational.

If a leader tries to mobilise co-workers from other departments or outside experts, these colleagues may not feel that this leader is entitled to make demands upon them. Perhaps these colleagues are from different interest groups, and the problem of office politics rears its ugly head. When mobilising disengaged employees, a leader needs to find ways to inspire.

Choosing the right people to reach first, rather than insisting on a single message for all audiences, can help a leader face these constraints. Considering the organisational structure and listening to others upholds the mobilisation competency. It's easier to encourage others when you understand their needs and can provide advantages.

Leaders who have a lot of formal power and play office politics well aren't always the most effective in mobilising the troops if they don't understand people. One example of this is former US President Donald Trump, who had tremendous power but was constantly haemorrhaging staff because he wasn't listening to them.

**Satya Nadella**, CEO of Microsoft, is an example of a leader who has authority but is open enough to introduce a culture of understanding and listening to

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employees.

### *Self-reflection*

When using the self-reflection competency, leaders need to be aware of two constraints: the risk of being overly emotional about situations and of considering unethical ways to fix them.

Greg Glassman, founder of CrossFit, was trying to help Americans become more fit – not only through his gyms, but also by spreading the word about health through a **network of physicians**. However, he failed to overcome his emotional constraints and the results were devastating for him and the company. Glassman stepped down after his **offensive remarks** about the death of George Floyd caused athletes and sportswear firms to flee the brand.

To overcome emotional and ethical constraints, leaders must cultivate emotional intelligence.

### *Values-creation*

The values-creation competency must always start with the leader who walks the talk. Failing that, ethical and motivational constraints need to be managed.

Some leaders promote values yet neglect to apply those values to themselves. Others join organisations with existing ethical issues and motivational barriers and change them. One example is Uber CEO Dara Khosrowshahi. When he became CEO in 2017, he knew he was going to have to clean up a spectacular mess. Using a leadership style in stark contrast to that of his predecessor, Travis Kalanick, Khosrowshahi dramatically **reshaped** Uber's famously "toxic" corporate culture, overcoming ethical and motivational constraints.

### *Visionary competence*

The visionary competence bumps up against political and cultural constraints while formulating and communicating the organisation's overall vision.

Some leaders are visionary, but they aren't successful in the long run if they can't overcome office politics. For example, Dinesh C. Paliwal, former CEO of Harman International Industries, famously **railed** against office politics, forgetting that these are a part of organisational culture and implicate his leadership.

To overcome these constraints, demonstrate tolerance for organisational culture while encouraging colleagues to work together.

## Accountable leaders

With the understanding that certain competencies are blocked by different constraints, managers at all levels can see a clear path to better leadership. They need a drone view for the big picture of the organisation; a kind of MRI view to be aware of their own emotions; and a film director view that encompasses the details of employee behaviour, social norms and sources of motivation.

To use bounded leadership effectively, managers must:

1. Identify constraints.
2. Apply weights to constraints to determine if they can be overcome.

Some constraints are obvious, while others are not. To identify political and entitlement constraints, a drone view is required. For cultural, motivational and informational constraints, leaders need a film director view. To identify emotional and ethical constraints of employees, an MRI view is necessary.

Applying weights to certain constraints doesn't always entail fighting these constraints. Instead, a leader might need to change the setting because regardless of her competences, sometimes the rules simply don't make sense. Fighting against norms, for example, is an exercise in futility. In that situation, finding the **right opinion leader** can make a difference.

Leaders aren't off the hook in bounded leadership. They need to determine what is holding them back – especially when facing internal constraints. But we recognise that leaders aren't in a vacuum and can be effective, regardless of the constraints.

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