

# Organisational Leadership for Challenging and Changing Times<sup>^</sup>

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As a consequence of their positions, most leaders of significant organisations face challenges which various stakeholders may expect them to address. In response, many individual leaders develop coping mechanisms such as addressing issues one at a time by categorising them and seeking advice from those with relevant expertise. Responsible CEOs and executive directors endeavour to act according to their delegated powers and responsibilities, corporate objectives and priorities, and the framework of corporate policies established by the boards of the organisations concerned.

From time to time, particular challenges such as an unsolicited takeover attempt may require changes to more normal ways of operating and additional external help. Many contemporary CEOs and directors now find that they are simultaneously confronted with multiple challenges. In some cases their nature, impacts and implications are uncertain and difficult to assess and categorise. They may affect a wide range of corporate activities. Existing policies may not cover them. Past experience and current capabilities may not necessarily be relevant for addressing them.

Uncertainty is associated with caution and reduced levels of investment (Leahy and Whited, 1996). When faced with it and changing times, should individual corporate leaders seek new sources of inspiration from ancient wisdom or a spiritual dimension (Wheatley 2005; Coulson-Thomas, 2017d), or should they refer matters to a board that might be more easily refreshed by reviewing its activities, composition, development needs, sources of advice and how it operates?

Perceptions of leaders and leadership are changing (Dinh, 2014). Do we need to reassess current requirements for effective individual and collective corporate leadership in uncertain and changing times? This article suggests questions for directors, boards and other business leaders to ask, particularly in relation to business excellence and innovation. It is based upon participant observation during international conference and other discussions (DeWalt and DeWalt, 2002).

## Balancing Challenges and Change

Contemporary CEOs and boards find businesses for which they are responsible and wider society face threats ranging from drug resistant viruses to terrorism. There are daunting issues such as cyber security, rogue states, global warming, climate change and sustainability to confront. In all these and other areas, such as exploiting disruptive technologies or introducing new business models, there are also unprecedented opportunities. How do we achieve the right balance between reactive and proactive responses, between aspirations and capabilities, and between different customers and stakeholders who views on what represents creativity, innovation and/or a priority may vary?

Within a boardroom, how does one decide what represents a responsible outcome when faced with contending pressures from cautious and prudent realists and gung-ho enthusiasts who believe “the sky is the limit”? Inaction can be dangerous but self-efficacy can lead to over-confidence (Vancouver et al, 2002). One needs to balance changes with accessible capabilities and ensure they meet stakeholder requirements and mitigate the negative affects of challenges while securing benefits from related opportunities.

Should rebuilding trust or increasing productivity now be the priority? Should the focus be upon relevance, renewal and/or resilience, or upon flexibility, inclusion, affordability or value for money? Is innovation the key to progress in these and other areas, and can excellence from a corporate and/or stakeholder perspective be a measure of achievement?

Chester Barnard's (1938) view of leadership in relation to executives embraced providing direction and guidance on the furtherance of organisational objectives, roles now ascribed to boards. When establishing strategic direction for initiating and assessing innovation and deciding where action is most required and what represents excellence and from whose perspective, what factors should CEOs and boards consider? Should CEOs be more actively looking for ways of sharing power and collaborating with others in order to better cope with the myriad of issues they are confronted with (Hoyle and Swale, 2016)? Is more collective leadership required?

### Individual and Collective Leadership

The term transformational leadership was propounded by Bass (1985). It has been associated with taking an organisation through a process of transformation from one condition or situation to another. In an arena such as public education, do we need to look beyond our traditional view of it and broaden and deepen the approach (Leithwood et al, 1999)? In many sectors today organisations are facing multiple challenges and unprecedented opportunities as a result of improvements in connectivity, scientific breakthroughs, new business models and more affordable and disruptive technologies. They open up new possibilities for adaptation, innovation, reinvention and change.

How and to what extent can a combination of reactive, adaptive and generative organisational responses be sustained (Middlehurst, 2010)? When multiple responses have to be made simultaneously across different areas, and different forms of reaction might benefit from different leadership qualities, are we expecting too much of individual leaders? If, where and when collective leadership is in the frame as an alternative, should the role and contribution of corporate boards be a first port of call? Could a balanced board composed of competent, confident and curious people with complementary skills provide the collective leadership required?

Some portrayals of the leadership challenge, such as that by Kouzes and Posner (2002), set out a series of steps, some of which overlap with the usual responsibilities of a board, for example understanding stakeholder or constituent expectations, or inspiring a shared vision. Individual CEOs sometimes struggle to excel in a few let alone all of the many qualities expected of a contemporary leader. Would the collective leadership of a board composed of a diversity of talents, and whose members challenge and consider options, provide a more balanced view of risk appetite than one person? Do we need to review the division of leadership responsibilities between CEOs and boards?

### Importance of Questioning and Challenge

Clampitt and DeKoch (2015) consider embracing uncertainty to be the essence of leadership. Uncertainty often arises when novel or different events, situations or requirements arise for which there might not be a precedent and which are not covered by an existing policy, rule or guideline. These are the reasons why many issues appear on board agendas. In contemporary conditions that require adaptation and change, directors may need to question the meaning, relevance and contribution of quality, excellence, creativity and innovation.

Where an innovation or new business model has the potential to transform possibilities, should a company's vision, mission and objectives determine board responses and decisions, or should these be revised to take account of what might now be accomplished? Should board aspiration be innovation driven? Entrepreneurial leadership associated with risk-tolerant and enterprising individuals is particularly important for start-up businesses (Zaech and Baldegg, 2017). Do we underestimate its importance for larger and established companies facing new situations and possibilities? Do a wider range of boards also need to be entrepreneurial?

Does whether or not one is a leader depend upon whether or not one has followers (Winston and Patterson, 2006)? Can the non-executive director members of a board be leaders (Kruse, 2013)? A challenge for non-executive direction and virtual leadership is to employ ways of engaging and influencing without direct contact and physical presence. Can certain directors provide intellectual and moral leadership? Board leadership is collective and is often actioned via guidance to a CEO. Individually and collectively directors can also question and challenge.

Given a board's remit, what questions should directors ask in uncertain and changing times? What should the criteria for decisions be and what guidance do people need to establish priorities and handle trade-offs, especially if expectations are rising and there are competitive pressures, but resources are constrained and there are affordability and sustainability issues to address? How should one determine what represents excellence in innovation and entrepreneurship?

### Boards and Business Excellence

Directors should focus upon the best long-term interests of a company. Their perspective should be holistic, covering an organisation as a whole, the totality of its operations and its relationships with stakeholders. Leadership can be one of multiple and interdependent factors that influence the achievement of strategic organisational change (Appelbaum et al, 1998). There may be many areas and activities in which there could be opportunities to innovate and across which directors may feel there are varying degrees of excellence. How do they ensure a focus upon the areas of greatest deficiency or opportunity in terms of impact upon a corporate whole?

Overall business excellence will reflect how various different elements come together. When making changes, people should be encouraged to think through the implications for customers and other activities, functions and processes. Do current business excellence models reflect the relative importance of these different inter-relationships? How often are they reviewed? Do they stop at the boundaries of organisations, or also embrace business partners and supply and value chains? Securing compliance across a global supply chain or network of relationships can be a challenge when business partners operate in different jurisdictions (Sarfaty, 2015).

In relation to the strategic direction, priorities, policies and guidance provided by a board, where is greater clarity required? Have they been effectively communicated? What feedback is sought on what others think of the priorities that have been set and the choices that have been made? Do board members agree on what represents innovation and excellence? Is business excellence a means or an outcome? Is it an aspiration, a process or a framework for continuing or continuous improvement?

Care needs to be taken to ensure that directors do not take on too much and become overloaded to the extent that they narrow their focus, consider fewer options and take less rational decisions (Allison, 1971, Allison and Zelikow, 1999). There may be dilemmas to resolve and strategic choices to be made, but even if they have the competence and time, should non-executive members of boards interfere in many other innovation related matters? Should directors focus upon providing strategic direction and leave problem solving to members of the executive team and others? Some boards stray into operational areas and matters that should be the responsibility of management.

### Boards and Innovation

Becoming more effective and productive at current activities will not necessarily provide the degree of change companies need to cope with many of the challenges they face and/or capitalise on new possibilities. We may need to transform or replace many practices, operations and organisations rather than reform or improve them. Do boards know enough about the options and possibilities to take rational decisions on what to improve and what to transform or replace? When innovations

occur, do they understand the challenge of adopting them and scaling them up (Cox et al, 2018)?

Some boards are largely reactive and focused upon survival. Others are more proactive and driven to confront challenges, seize opportunities and create a better tomorrow. In many areas, from the utilities, healthcare, waste disposal, cleaning up the environment and increasing inclusion to sustainability, transforming public services and dealing with climate change, there are unprecedented opportunities for creativity, innovation and business and social entrepreneurship.

How many proactive boards have thought through strategies for innovation and criteria for the appraisal, selection and support of innovation proposals? Too many boards react to incoming proposals rather than proactively seek and/or develop them. Conflicts between departments and units have long been a reality of corporate life (Bloch, 1988). Where resources are limited intense rivalries can arise between teams that are competing for attention and support. Only a small proportion of innovation projects may succeed. Are boards consciously funding a balanced portfolio of projects in the hope that enough will succeed to more than cover the costs of any that fail?

When they look at certain external trends and developments, some directors instinctively see them as threats and worry about how they will impact upon their companies. Other board members think about how these developments will affect customers and other external parties and whether helping them to cope might represent a business opportunity. Innovation could be relevant for directors who are reactive and defensive as well as for those who are more entrepreneurial. Survival and seizing opportunities can both require innovation, change and transformation as new approaches, elements or responses may be required, either as well as or in place of existing ones.

Continuing evolution may be required and creative talents can become frustrated if their ideas are ignored (Van Vught et al, 2008). However, much effort is devoted to being better at existing activities that are not critical success factors or a source of competitive advantage or differentiation, and which either now or very soon may no longer be required. The blind pursuit of improvement and/or innovation regardless of cost and relevance can be unnecessary, wasteful and unsustainable.

### Questioning Innovation

Innovation may be required to confront certain problems facing mankind and in some areas not innovating could be irresponsible, but is there a danger that it is becoming a “flavour of the month”? Are people seeking step changes and radical transformation in areas in which modest improvement could be acceptable and consolidation might be both appropriate and preferred to disruptive change? Does successful entrepreneurship determine whether change is supported and justifiable?

Can striving for the latest model or fashion be wasteful? Does it lead to a disposable society? Can less be more? Is faster always better when it may mean less time to enjoy what we do, produce and consume and less time to think about the changes that would be most beneficial (Honore, 2004)? Are new things sometimes different rather than better? Many people are rightly cynical. They instinctively ask the question innovation for whom? Innovation should be focused upon what a company's customers and prospects are seeking to achieve (Christensen et al 2016),

“Excellence”, “improvement” and “innovation” need to be relevant and value adding to customers and users, affordable and sustainable. The impact of a new idea upon an offering that is valued by customers is a possible indicator of whether or not innovation has occurred and CEOs, in particular, have a role in ensuring customer focus across an enterprise (Jung et al, 2003 and 2008). Directors should ensure this is the case. In this and other areas they should exercise individual judgement.

Some innovations frustrate. They require people to obtain a new model, retrain or change how they

operate. For example, software upgrades may require new hardware with more capacity in order to operate. Older alternatives may no longer be supported. One needs to ensure the costs of any disruption involved do not outweigh the advantages. Sometimes the loss of output during a transition phase may not be made good by subsequent improved performance.

Quality in terms of meeting customer requirements at an affordable price and in a sustainable way might be welcome. However, are excellence and innovation beyond that needed to remain current and relevant always desirable? Is a restless search for more and better and something different an indication of a healthy desire for progress, or is it evidence of empty materialism on the part of those who are never satisfied or easily bored? Is it sometimes better to be content with what we have and tried and tested offerings that customers value and continue to buy? Is the innovation and change required sometimes one of attitudes, priorities and values?

### The Justification of Innovation

The purposes and potential payoffs of innovation can be a key determinant of our attitudes towards it and our justification of it. Innovations that speed up the biodegradability of packaging might be welcomed by those concerned with pollution of the world's oceans. Our ability to cope with certain challenges facing us is heavily dependent upon the achievement of certain breakthroughs, such as a replacement for a material that is already in short supply. In some areas, is the cost of not innovating higher than the cost of radical change? If so, do stakeholders expect corporate responses?

Businesses operate in the context of a wider society with potential critics of inadequate corporate action. Might alternatives to innovation, which could include their longer-term consequences and Government intervention, be unpalatable or unacceptable? Internal viewpoints can also vary according to vested interests and possible beneficiaries and losers. The difficulty and politics of change need to be understood (Dallas, 2015). The board or board chair and CEO working together may be best placed to engage and reconcile contending interests across a range of stakeholders.

Boardroom discussions can be very revealing when new technologies or business models are considered. Directors often jump in with contributions that reveal their priorities. For example, when discussing applications of artificial intelligence (AI), are the possibilities for replacing expensive experts with an AI system explored first? How long does one need to wait before someone raises the question of how such applications might improve the experience of customers?

Many innovations are motivated by a desire for cost savings or the convenience of the producer or supplier, rather than benefits for the customer or user. Should built in obsolescence or creating a new version with a limited life be considered irresponsible innovations? Change for the sake of change should be avoided as it can be disruptive and unsettling. Its consequences can also be uncertain. Continuity and predictability can be highly valued, Should more boards discuss the rationale and justification for innovation before establishing assessment criteria?

### Selecting Innovation Proposals

Having provided strategic direction, are some directors the appropriate and best people to assess innovation proposals? Guidelines may need to be prepared covering the innovation decisions that should be reserved for the board and the criteria to be used for selecting proposals, covering areas such as the scale of resource requirements, the nature of the consequences, who will benefit and who needs to be involved, risk assessments and applicable laws, regulations, rules or policies.

Do some boards keep an unnecessary stranglehold on access to corporate resources? Might other people make better use of some of them? Should an innovation fund be set up? Should internal

groups be enabled to canvas support for new ideas and form development teams to bid for resources to prototype their suggestions? Should such opportunities be opened up to customers, business partners or local communities? Should one put out appeals for proposals to interested parties and original thinkers? Galbraith (1958) put the case for challenging “conventional wisdom”.

Should people across an organisation and trusted business partners be allowed to vote on which innovation proposals are deemed worthy of support? Might the criteria used to reward innovation influence their views and distort decisions? Recycling older offerings might seem less glamorous than creating new ones, but would this make it easier to achieve sustainability or environmental goals? Not all innovations are radical breakthroughs or game changing developments. Many are incremental improvements, the cumulative impact of which may be significant over time.

Innovations usually need to be understood and implemented to make an impact and experienced before they can be assessed. Change projects and new products often fail. Directors and boards may need to persevere with necessary changes as obstacles arise and “things begin to go wrong” (Dallas, 2015). If people do not embrace changes and/or adopt new offerings their potential benefits may not be realised. Some good ideas are rejected. Developments are held back by complacency, disinterest, intellectual laziness and lack of support. At different stages of an innovation process imaginative proposals may be frustrated by colleagues who are negative, fearful of failure, reluctant to trust, or defensive of the status-quo. Would some directors actually prefer not to have innovations to assess?

In dynamic situations, and when people and organisations lack some of the skills and capabilities required to select, develop and implement innovation proposals, excellence at collaboration and co-creation with customers and business partners can be especially important. Innovation and cooperation with complementary and compatible parties may need to be the norm rather than an unusual activity if a company is to remain at the cutting edge and competitive.

### Ensuring Relevance

Should relevance, particularly from a customer perspective, be given greater importance within an excellence strategy and an innovation proposal selection mix? Do some directors forget that it is customers who create value? Do companies generate wasted effort, dead ends, scrap and unwanted stock unless what they produce is purchased by customers? Is it they who decide and should decide whether or not what businesses do is relevant and represents excellence and innovation?

The benefits of some inventions such as Sir James Dyson's bagless vacuum cleaner might be clear and welcomed by users, but other innovations and their relevance and value may need to be explained. If a company is to be trusted this should be done responsibly. Do the marketing, sales and corporate communications of some companies engage in what Galbraith (1958) terms “want creation”? Do they exaggerate the benefits of innovation and exploit new features to entice customers and persuade them that such changes are both relevant and desirable?

Those at the top of organisations, often with the help of marketing specialists, used to determine what they felt might be considered relevant and represent excellence and innovation from a customer point of view. Options were usually limited to what could be achieved with existing capabilities. The emphasis is increasingly upon creativity and entrepreneurship. People with imagination are sought who are open-minded, alert to possibilities and who can show initiative, challenge, collaborate and build rather than wait for someone to give them the next task or a job.

If they are engaged and motivated, those closer to customers and people throughout a corporate network may be better judges of what would be considered excellent and innovative, and often more importantly, relevant, useful and affordable by their peers, communities and generations. The

role of leaders may then be to listen and help them assemble the capabilities, collaborations and connections needed to turn ideas into reality. Listening leadership is required (Coulson-Thomas, 2014a). Collaboration can enable a collective search for ideas, options and solutions that go beyond the limits of one person's imagination and the capabilities of a single organisation.

### Staying Ahead of the Competition

Where funding and the required capabilities and resources are available, and alternatives do not exist, the boards of public bodies or a monopoly may set out to be exceptional or outstanding and to achieve the highest levels of absolute excellence in multiple areas. The leaders of command economies might be able to pursue grandiose programmes and vanity projects to boost national pride. Where there are alternatives, substitutes and trade-offs in competitive markets, effort has to be focused on changes that represent value for customers and are a source of competitive advantage. Relevant originality can be a success factor (Taylor and LaBarre, 2008).

Board involvement and leadership is often required to ensure that creativity, innovation and business excellence are relevant, affordable and sustainable and that initiatives and activities in these areas are consistent with the board's strategic direction, secure or maintain competitive advantage and deliver beneficial outcomes to stakeholders (Coulson-Thomas, 2017c). However, rather than impose standard models and rigid frameworks, should boards encourage 'horses for courses' judgements of what is best in a particular set of circumstances at a moment in time, while retaining flexibility and the ability to adapt as requirements and possibilities change?

Is "business excellence" causing boards to seek, initiate or encourage improvements in too many areas? Standing out is difficult for those who are quite good at most things rather than being outstanding in a particular area. How many companies excel at something and can differentiate themselves and their offerings? What's different, special or unique about them? Where people have a choice why should they have any interest in them? If they didn't exist what would the world lose? If they closed would anyone notice or care? Could people get something similar elsewhere?

In some circumstances, could the focus of business excellence upon continuing improvement across the board be a barrier to differentiation, innovation and more radical change? To stay ahead of the competition, do some companies need much more than being excellent at current activities? Are they improving activities that could be replaced by something better and making modest and incremental changes to operations that should give way to alternative business models?

### Leadership for Uncertain Times.

As well as focusing upon the creative and excellence journeys of their own companies, directors and boards need to be alert and responsive to the moves of others. Alongside the initiatives and innovations of ambitious and restless competitors, and the relentless development of disruptive technologies, directors face many challenges. Uncertainty is not new (Galbraith, 1977). The unexpected can and often does arise. Are leaders trying to turn threats and challenges into inclusive opportunities, for example to ameliorate negative consequences or develop alternatives and substitutes? Are opportunities to contribute and innovate or to lead, manage, help and support others being ignored or considered and if appropriate grasped?

Daft and Lane (2008) have considered leadership as an influence upon the relationship between leaders and followers in the achievement of outcomes relating to a shared purpose. When multiple developments are occurring that are unfamiliar and whose implications are unknown and difficult to predict, within both leader and follower groups people may react differently. Can a continuing shared purpose be assumed? Are new mechanisms required to understand and accommodate or

reconcile different perspectives and views?

Are enough directors open minded and prepared for novel situations, new challenges and unanticipated events? Traditional, learned and approved responses may not be sufficient, effective or appropriate in new and emerging situations. Entrepreneurs and innovators require the ability to assess, imagine and invent, and the courage to discover, explore and pioneer. They need to handle risk and uncertainty and see them as areas of opportunity rather than as threats. Some boards are risk averse, but incurring risk is evidence of life and ambition (Coulson-Thomas, 2017a).

Many companies and boards still recruit from a narrow gene pool. Potential women directors are often overlooked (Tyson Report, 2003). Are business leaders looking beyond functional labels, past experiences, gender and symbols of race, religion and nationality at personal qualities, the ability to handle uncertainty and at individual motivation, conduct and contribution? Openness and a diversity of complementary talents and personalities can stimulate creativity.

Do the criteria for selecting directors and for assessing board performance need to be reviewed to reflect a changing business environment, disruptive technologies and new models of operation? Would greater diversity in terms of the approaches, backgrounds, experience, age, gender, skills and ways of thinking of directors help boards to become more effective as catalysts, enablers and monitors of creativity, innovation and excellence? Are some boards insufficiently engaged and dynamic to energise their companies and support renewal and transformation?

### Visionary Leadership

How many board members have what it takes to attract and motivate entrepreneurial spirits? How many of them are able to pick out those who are creative and entrepreneurial or have the potential to be so? Given disruptive technologies, new business models and mutating threats and opportunities some directors are excessively cautious. They play it safe when making appointments. Others are more flexible and open to possibilities. Some can engage with and inspire younger generations.

Visionary leadership has become an established and a distinct area of academic exploration (Bass, 1990; Dinh, 2014). Do we need more visionary leadership to foster the imagination, creativity and persistence needed to benefit from disruptive innovation in the digital economy? Advances in automation, artificial intelligence and robotics, the sharing economy and disruptive technologies from drones and driver-less cars to 3D printing threaten existing activities and create opportunities for new ones. They also raise questions about who or what organisations people may be competing or collaborating with in the years ahead.

Visionary leadership cannot be assumed. Many leaders procrastinate when faced with the unfamiliar and tough decisions. They avoid their responsibilities and try to “lie low”, conform or “play it safe”. They are not engaged and avoid risk, involvement and commitment. Some leaders such as those Gregory (2018) terms “absentee leaders” may be physically present but psychologically absent. They may manipulate others to further their own interests. They can harm organisations, erode trust and act as a barrier to the succession of more capable people.

Is sufficient attention paid to leadership factors when selecting which innovation proposals to support? Are boards ensuring that people are available with the qualities to staff and lead innovation, new product and transformation project teams? Some people are easily discouraged when problems arise while others are more persistent. Are directors and other leaders inspiring them? Are they encouraging them to question, think and live rather than just exist?

Business leaders need to move beyond rueful references to change and uncertainty and help and



support their people to work and collaborate with relevant technologies and software environments in the search for affordable possibilities that others would consider represent excellence and an innovation. The relentless pace of change is challenging for visioning. How many boards regularly review corporate visions and aspirations to ensure they reflect new possibilities and still inspire?

## Disruptive Technologies

Much of the focus in discussions of leadership has been about the leadership of people within organisations. Disruptive technologies, digital developments and greater connectivity break down barriers and open up new possibilities. They can embolden and benefit smaller entities and threaten established ones (Christensen, 1997). They also have significant implications for the world of work, those whose current contributions will no longer be required, and particular communities who may be without work (Wilson, 1996). Inter-organisational, multi-location and virtual team working continue to spread. Increasingly, the challenge is how people, machines and digital technologies can best work together in new contexts and as business models change.

Applications of AI can identify links, patterns and relationships independently of the people who are responsible for them and who maintain them. For example, they can trawl through vast quantities of computerised medical records and suggest new treatments. They can process vast quantities of big data on customers to identify relationships between factors that have hitherto not been spotted and which would be difficult for human intelligence to find.

Increasingly, these environments and applications can “live” in the sense of being able to learn and become more capable and equipped to handle complex tasks that would be beyond the application of human intelligence without their support. They can learn more about individuals, groups and whole communities with each use and interaction. Importantly, they can learn from all interactions rather than from the limited number of cases encountered by a human expert or from reading articles written - and surveys undertaken – by others based upon a much smaller sample of cases.

These and other developments have implications for the ethical dimension of leadership. It has been suggested that ethical behaviour has become more important in the eyes of employees (Toor and Ofori, 2009). Leaders should be aware of how their actions are perceived and think through the implications. Followers may become less committed when they perceive the responses of their leaders to challenges and opportunities to be unethical (Collier and Esteban, 2007).

Where do disruptive technologies feature in business excellence models? How many companies effectively assess and apply them? How do boards ensure that what constitutes excellence remains current and relevant as operations move from one business model to another? When such changes occur and the aspirations, expectations and requirements of customers and other stakeholders change, are priorities for creativity, innovation, excellence and entrepreneurship reviewed?

## Partnering with Technology

Innovation and learning are often seen as social activities requiring interaction between people and dialogue, which can be facilitated by breaking down barriers and increasing communication. Invariably some individuals contribute more than others, but the right tools can allow their insights to be quickly shared across a corporate network as and when required (Coulson-Thomas, 2012a & b, 2013). In many areas both improvements and breakthroughs are increasingly, and in some fields almost universally, the result of people and technology and the intelligence of humans and software environments working together. It can be the key to innovation in complex environments.

Technological developments, scientific breakthroughs and new business models are pushing back

the boundaries in terms of what is possible in relation to excellence and innovation. Ideas often arise at the boundaries of disciplines when people from different subject backgrounds and with different ways of looking at the world come together to share insights and jointly explore possibilities. The traditional structures of organisations that group similar people together often limit the scope for cross-fertilisation. Should more boards encourage interdisciplinary projects?

Sometimes the people at the top of organisations are among the least aware of how technology can complement human intelligence. They may be the furthest removed from concerns and priorities of younger generations and the last to be in tune with their aspirations and preoccupations. Would the reverse mentoring of senior staff by junior colleagues be beneficial? Should more directors visit cutting edge applications of human-technology interaction? Innocent questions can trigger change. Directors should spend time with their children and grandchildren and reflect on how they explore.

### Boards as Enablers or Constraints

Do some directors and other business leaders need to pay more attention to stimulating creativity, enabling innovation and supporting entrepreneurship (Coulson-Thomas, Colin, 2014b and 2017d)? For example, what if anything is being done within many companies to incorporate creativity, innovation and entrepreneurship considerations into the formulation and review of strategy? What action is being taken between companies to unleash creativity across supply and value chains?

Are boards instruments for innovation and excellence, or do the rules, policies and practices that some of them introduce act as a straight-jacket and prevent questioning, creativity and beneficial change? Every day provides opportunities to forge new connections, gain new experiences and learn new things, yet too often the rituals of board meetings and the familiar routines and ingrained habits of directors insulate them from new possibilities.

When directors are no longer alert to what is happening around them, cease to question and simply go with the flow the writing may be on the wall for their companies. In many arenas renewal and reinvention are required for continuing relevance, but is this always the case? Sometimes rather than generalisation it is a question of horses for courses. How effective are boards at deciding where and when to cherish or change and whether continuity, improvement or transformation is required?

### Contextual Considerations

The journey from quality to business excellence was often a question of applying a more holistic and systematic approach to improving performance in a wider range of areas within a broader model or framework, with business excellence itself a step on the road to business transformation (Coulson-Thomas, 1997). The question for many boards today is whether they need more bespoke approaches and models that reflect possibilities, their aspirations, starting points and capabilities, the context within which they are operating, and an available window of opportunity.

Do certain categories of organisation face particular challenges, such as public bodies, start-ups or small and medium sized enterprises? Does social entrepreneurship require distinct leadership (Prabhu, 1999)? An issue going forward is the extent to which the public sector is innovative in areas in which public bodies have traditionally operated and whether new mechanisms are required (Corner, 2006). What can Governments do to improve their own activities and those of public bodies? What if any influence can and should they have on strategies adopted by companies?

Fostering innovation, entrepreneurship and growth in family owned businesses can present distinct leadership challenges (Coulson-Thomas, 2016b). In the absence of majority control by external shareholders and associated scrutiny, do some family businesses and entrepreneurial start-ups have

greater freedom to establish priorities for innovation and excellence than many established listed companies with conservative stakeholders? If such companies are to become more entrepreneurial should their leadership development and selection pay more attention to the nature of entrepreneurial leadership (Lietch and Volery, 2017)?

Do the governance arrangements of some family businesses need to change? Should younger family members be given more of a voice? Compared with their parents and grandparents, more of them may have travelled and been educated abroad and some of them may have experience of new technologies and different markets. When key leadership positions are filled from outside of a controlling family, how can one ensure that family members with significant equity who are not involved are current with what is possible and advisable and do not act as a break on progress?

People and organisations can be constrained by their past. In family companies a heritage may be revered. Are too many boards reluctant to write off historic investments? In comparison with established entities, entrepreneurs can sometimes be more willing to try new approaches. Companies that have rested on their laurels and been reluctant to keep innovating and embracing new technologies such as Nokia and Kodak have found that market leadership can be quickly lost.

### Productivity Considerations

Are quality and innovation the essence of business excellence and how do they and “excellence” relate to productivity and other indicators of performance? Have we come to the end of the road in relation to the future impact of traditional approaches to quality and business excellence? Does this help to explain recent experience of productivity being lower than historic levels in certain contexts (Harari, 2017)? Are scientific discoveries not being followed by applications and entrepreneurship?

Is a lack of investment or inadequate innovation responsible for slower or stagnating productivity in some countries and sectors? Is labour being hoarded? Is increased functionality - such as that of contemporary mobile devices - not being recorded as additional output or value because many prices have fallen, been static, or have only recently increased? The public sector is sometimes associated with relatively low levels of productivity, yet there is much that can be done to transform public services (Coulson-Thomas, 2013).

Is entrepreneurship rather than business excellence the key to reigniting innovation and the productivity increases needed to improve living standards? A willingness to challenge, think and be a creative problem solver, using whatever means and disciplines are felt to be relevant, has become a sought after requirement. When recruiting, the confidence to have a go can be more important than evidence that in the past someone mastered a particular knowledge set. How can and should human capital development unleash creativity across organisations and supply and value chains?

### Productivity and Performance Tools

Are traditional productivity tools and approaches no longer working? Are companies overlooking the potential contributions of disruptive technologies such as AI and is this holding back economic growth (pwc, 2017)? Some people are wedded to particular approaches, tools, operating models, structures, technologies and ways of working. Where possible, should one select and bring together whatever people, approaches and support are relevant to the particular project or task?

Compared with expensive and time consuming traditional practices there are now quicker, more affordable and less disruptive ways of transforming performance and simultaneously achieving multiple objectives for people, organisations and the environment. Personalised performance support can capture and share what high performers do differently and facilitate collaboration and

social networking, It can be available 24/7, wherever and whenever needed, including on the move.

Performance support tools can boost productivity and quickly deliver large multiple returns on the cost of developing them (Coulson-Thomas, 2007, 2012a & b, 2013). They can also address traditional trade-offs such as that between risk and return by both reducing risk and increasing return. At the same time, because checks and balances can be built into them, support tools can set people free to be creative, innovative and entrepreneurial.

### Human Capital Considerations

CEOs write in Annual Reports that people are their most important asset. Some people can be important, for example the designers of the algorithms that underpin a new business model, or the robots in an automated factory or warehouse that are more productive, reliable and consistent than the humans they replaced, or the AI environments that can handle far more data and learn more quickly than many knowledge workers and professionals (pwc, 2017).

Over twenty-five years ago an international perspective was identified as the key to successful internationalisation and it was argued that companies needed to become lean and flexible networks of relationships that could grow organically and quickly become international (Coulson-Thomas, 2012a & b). Today it is possible to build a global business with relatively few people. Greater connectivity and the spread of affordable mobile devices means that any one of us has the potential to quickly reach more people alive today than have died in most of human history.

It is now easier than ever to pull together international teams, networks and communities with shared interests. Corporate social networks can enable connected, interested and relevant people to quickly explore possibilities and develop new options. In some cases, solutions can be rolled out worldwide within hours to problems that people did not know existed earlier in the day. What are the implications for determining whom we might wish to associate with and their development?

Do executive and employee selection criteria need to change? To seize opportunities should more business leaders and entrepreneurs look for people who are potential business partners and co-creators rather than dependent employees? Should they devote more effort to seeking people who are open minded, curious and flexible - people who are capable of independent thought while at the same time able to collaborate with others who have complementary capabilities?

### Stimulating Creativity

Some people are more curious than others, more open to ideas and more alert to what is happening around them. They question and observe. They reflect and think. They do not take things for granted. Some cultures and environments are also more conducive of creativity and innovation than others. Diversity and freedom to collaborate and experiment can help, while uniformity, rigidity and rules can stifle and limit. What holds boards back from consciously tackling obstacles to creativity and introducing the fundamental freedoms that can be so conducive of it (Coulson-Thomas, 1997)?

The sort of innovations that are sought can vary greatly according to the context. In a country such as India with relatively large numbers of poor people in rural areas, should directors give more priority to inclusion by encouraging people to look for ways of producing significant quantities of an affordable economy version to open up new markets? Ways may also need to be found of opening people up to new possibilities. Could more workplace and leisure exposure to the creative arts encourage new perspectives and stimulate creativity (Coulson-Thomas, 2017e)?

Confident directors invite questioning and challenge. They don't assume that more senior people

always know best. Many innovations are the result of bringing a new combination of elements together, few if any of which might be new. In comparison, an invention that is new might not yet have a practical application. While some are restless, others bide their time. They wait for the right moment to introduce something new. What should boards do to build confidence and overcome the fear of failure and/or ridicule that sometimes inhibits innovation and entrepreneurship?

### Governance Considerations

Governance arrangements can influence corporate leadership and need to be periodically reviewed (Coulson-Thomas, 2015b). If boards are undertaking corporate governance reviews and complying with corporate governance codes, why do many governance arrangements seem to add little value? Why are some directors oblivious of internal corporate realities and external market developments? Has prescription and the lazy adoption of standard models replaced discretion and the thinking application of principles to particular circumstances? Questions need to be asked and choices made if corporate governance is to become fit for purpose (Coulson-Thomas, 2016a; Garratt, 2017).

What holds back creativity and innovation in corporate governance arrangements? Can we expect boards that are unimaginative in their own practices to unleash creativity and ignite innovation? How many boards are considering what disruptive technologies such as AI might mean for financial reporting and the monitoring and steering of corporate activities? Could they be intelligent and in real time with directors involved on an exception basis and in conferences called as control limits are reached or when they and strategic direction are reviewed?

Is much of the practice of corporate governance reduced to box-ticking, simply because it is not thought to be sufficiently important to justify devoting more time to exercises such as annual board reviews? Do some CEOs actually prefer weak and compliant boards and practices that neutralize independent directors they may view as uninformed and out-of-date and allow them to get on with the serious business of running a company, innovating and building a business? What about other arenas? Could governance changes and improvements in related practices contribute to greater innovation in the public sector (Torfing and Triantafyllou, 2016)?

### Stakeholder Considerations

When setting priorities in terms of which challenges and opportunities to address and where improvement and/or innovation is most needed, how can and should a board seek to reconcile different viewpoints? Directors should have regard to the interests of various stakeholders when board decisions are taken. Are new mechanisms required to ensure that the requirements and views of important stakeholders are taken into account (ICSA and The Investment Association 2017)? What are the priorities from the perspective of a supply or value chain?

How should key customers be involved? What are their priorities? Where they have a choice and an on-line alternative is just a click away, customers can be fickle. Sales practices such as offering new customers better deals than existing ones encourage switching and disloyalty. A key issue for many boards is how to develop relationships with stakeholders, make them more intimate, long-lasting and mutually beneficial, at a time when trust in business and business leaders is at a low level (Coulson-Thomas, 2018).

Do contemporary leadership, governance and management practices excessively favour shareholder relationships and, in comparison, keep customers and other stakeholders at a distance? The UK regulator has suggested that effective boards should engage with a wider range of stakeholders (FRC, 2017). Do we need new ways of reaching, engaging, involving and developing stronger connections with customers, employees and other stakeholders and securing their continuing

allegiance (Coulson-Thomas, 2018)? What are their attitudes to innovation and risk?

Successful innovation involves the taking of acceptable risks. Are some contemporary risk management approaches and practices an obstacle to innovation and entrepreneurship (Coulson-Thomas, 2017a & b)? Directors need to ensure that companies do not incur levels of risk that are disproportionate or excessive in relation to likely returns and what is acceptable to investors and other stakeholders. Boards should establish a risk appetite for various corporate activities. Do some of them need to encourage a more positive and balanced view of risk and responsible risk taking?

#### Sustainability Considerations

How should sustainability affect the focus of innovation and a board's view of what represents excellence? Where resources are scarce and there are other claims upon time and money, could it be irresponsible to seek to be excellent in areas that are not priority considerations or differentiators, or which are not a source of competitive advantage? In backroom areas of little interest to customers and some compliance activities, could it be more responsible to be just good enough?

Should a greater priority be given to circularity and the re-use of outputs, for example arranging and locating activities so that a waste product from one process becomes a welcome input to another? How many boards voluntarily engage with the UN Global Compact (2000) initiative and report the steps they take towards a more sustainable and socially responsible business or the UN's agenda for sustainable development (UN, 2015)?

Could the search for more sustainable operations lead to the application of disruptive technologies and/or the adoption of a different business model? For example, the strategic use of 3D printing can transform and move the location of production and distribution. It can eliminate waste and unsold stock. Surplus raw material can be reused. Is the nature of some disruptive technologies such that a high proportion of applications could lead to changes that many would consider innovatory? Is their potential for innovation a rationale for describing them as disruptive?

#### Social Responsibility Considerations

Sustainability driven innovation can be viewed as socially responsible. Would a wider and more meaningful social purpose reach, engage and connect with internal staff and external stakeholders and help to build relationships? Might widening involvement, more consultation and devoting greater attention to sustainability and the social responsibilities of business help to restore public trust in companies, governance arrangements and capitalism (Bowen, 1953)?

Opportunities for socially responsible business and social entrepreneurship abound. There are many people, organisations and communities we can help. There are "outsiders" we can reach, engage and embrace. For example, could a company help people to change their priorities and adopt simpler, healthier and more sustainable and fulfilling lifestyles? Is the current pattern and model of growth sustainable (Higgs, 2014)? A major challenge for many boards is balancing short-term requirements emanating from market, competitive and other pressures with longer-term challenges such as ensuring environmental sustainability and coping with the impact of climate change.

We need to think of longer-term implications and future generations. Is what we do today to satisfy customers and other stakeholders sustainable? How will we be judged in five, ten or fifty years' time? What will those who write our obituaries think of our views and decisions relating to excellence and innovation? Are we excellent at polluting oceans and innovative in our use of materials that do not degrade when disposed of? Like beauty, are excellence and innovation in the eyes of the beholder? With the benefit of hindsight can they fade over time?

## Organisational Considerations

Boards and senior leadership teams should consider the extent to which the organisations for which they are responsible are a reflection of themselves (Hambrick and Mason, 1984). When multiple changes occur, can a mismatch occur between management and aspects of an organisation? Do boards collectively need to find new ways of connecting with key players in important stakeholder groups without senior management and certain executive directors being a barrier?

Are changes seen as a threat? Do compliance practices and attitudes slow things down and frustrate those seeking to bring about beneficial change? Do project boards quickly meet and take decisions as required? Do line managers make the organisation's better people available for transformation projects, or do they hoard them and use them for firefighting and current activities?

How many directors critique their organisations from the perspective of creativity, innovation and entrepreneurship? Is the organisational climate and are corporate practices conducive of them or are they inhibiting factors (Coulson-Thomas, 2014b and 2015a)? Are people too narrow? Are training activities too prescriptive? Is development beyond the vocational required? Could greater exposure to the liberal arts as championed by Bloom (1987) better prepare people for thinking about contemporary issues and choices?

Care needs to be taken to ensure that corporate innovation processes, approaches and techniques and the people involved in and with them do not distort the flow of ideas. Is there systemic, conscious or unconscious bias against certain proposals or sources? Is excessive specialisation and departmentalism a barrier and/or a constraint (Mikkelsen and Martin, 2016)? Do those charged with helping others to develop their ideas actually limit them or push them in preconceived directions? How objective is decision making? Is there favouritism? Are customers and business partners involved? Are risk reviews balanced or excessively - even invariably - negative?

Excellence in many areas has long been the result of people and technology working together, but creativity and innovation has traditionally been associated with the thought processes of human beings. Creative people have programmed otherwise dumb machines but AI environments can now complement human intelligence. Organisations may lack the time and resources to be excellent at everything and priorities and requirements can alter before changes are implemented. Hence the importance of focus, flexibility and personal, collaborative and corporate learning.

## Establishing Creative Environments

Boards need to consider whether or not a corporate culture is supportive of creativity (Coulson-Thomas, 2015a). Established organisations may not be the most successful innovators in a world of open-innovation and crowd sourcing in which people spontaneously come together to co-create, move something forward and prevent its control by a narrow and vested interest. At The Francis Crick Institute scientists are relatively free to decide what to work on and with whom and using what approaches. Social networks can be used to invite comments and contributions.

Are areas required where corporate processes, procedures and practices that inhibit questioning, creativity and the consideration of alternatives do not apply, and people can be free to choose how and with whom to work, and with what approaches and support, according to success requirements (Coulson-Thomas, 1997)? Should such areas that are relatively free of assumptions, constraints and norms be set aside as incubator, design or prototyping units in which judgements can be suspended until a team with a new idea or proposal feels ready to submit it to the scrutiny of their peers?

Bureaucratic organisations used to smother creativity and separate units such as Xerox PARC were set up to create spaces without traditional organisational constraints. Free spaces can be more accommodating of different views than the safe spaces found in contemporary universities. People today have more choice in terms of how, where, when and with whom to work, learn, share, acquire and consume than any previous generation. Should they be allowed to select the right options according to their objectives and needs and the activities, tasks and projects concerned?

### Rediscovering Optimism

A previous era was called the “railway age”. Complacent organisations were overtaken by events while others and many new ones thrived. In what has been termed the “second machine age” the demise of some large companies has been predicted (Brynjolfsson and McAfee, 2014). Our current age, with simultaneous changes in a number of interrelated arenas and different dimensions, could be viewed as a new or continuing age of uncertainty (Galbraith, 1977). It is an age of disruption, breakthroughs, options and choice. It is also an era of great opportunity.

Developments in connectivity and new technologies are creating affordable and more agile and flexible ways of offering services and enabling business model innovation. They are opening up new avenues for entrepreneurship. Even if reinvention is not needed, a refresh may be required (Nadella, 2017). How people respond and use the possibilities that are available to them will determine the extent to which they are helped or harmed by developments. Given the options, are too many directors overly pessimistic about our prospects?

Do we need a 'new enlightenment' or a rekindling of the enlightenment that embraced reason, science, humanism and progress in a previous era of reassessment and change (Pinker, 2018)? Do more directors need to put on their thinking caps rather than panic or flounder? Do they need to change and raise their aspirations and expectations? A broader and more holistic perspective may be required to ensure a more inter-disciplinary and inclusive approach to excellence, innovation and entrepreneurship to ensure that they address the aspirations of a wider range of stakeholders.

### Note

This article is based upon theme and convention papers prepared by Prof. Colin Coulson-Thomas for the 2018 Dubai Global Convention and 28<sup>th</sup> World Congress on Leadership for Business Excellence and Innovation and his plenary contribution at the event. The convention was organised by the Institute of Directors, India. It was held from the 17<sup>th</sup> to the 19<sup>th</sup> of April 2018, at the Hotel St. Regis, Dubai, UAE.

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#### Abstract

Multiple developments, including disruptive technologies and new business models, are leading to uncertainty and change. They also open up new possibilities for adaptation, innovation, reinvention and entrepreneurship. They are challenging organisational leaders. Coping with them may require review, refresh or reinvention and a transition from individual leadership to the collective leadership of a competent board. Directors and boards need to ask a variety of questions in a range of areas to ensure that creativity, innovation and entrepreneurship are helped rather than hindered and that they and excellence are focused, relevant and sustainable. There are contextual, performance, governance, stakeholder, sustainability, social responsibility and people and organisational factors to consider. Many directors may also need to change how they operate and raise their aspirations and expectations.

^ Published in *Effective Executive*, a quarterly peer reviewed journal of IUP (ISSN 0972-5172) as: Coulson-Thomas, Colin (2018), Organisational Leadership for Challenging and Changing Times, *Effective Executive*, Vol. XXI No. 3, September, pp 14-37