

# The three levels of leadership

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## Summary

In the following article I would like to focus on expanding Berne's original ideas about the different structures in an organization, and relate it to leadership. My purpose is to increase awareness of the fact that effective leadership is focused on congruency at all three levels of organizational structure.

## Leadership

### What is leadership?

Studies of leadership since the 1940-s have focused on two main dimensions of leadership: task oriented and relationship oriented leadership (Boje 2000) . This later evolved into other perspectives, including research into these dimensions, focussed on leadership traits, situational leadership, transactional and transformational leadership (Mann, R. D. (1959), Hersey & Blanchard, 1998, Vroom & Jago, 1988)

As a result of this research leadership has often been defined as 1. Having the position of a leader and/or 2. The ability to lead a group of

people in a common task. Consequently a lot of publications focus on the structural role and tasks of leadership or on the relational ability of leaders.

### **New challenges for leadership**

Though this research gave us a good idea of what leaders should do and how they should do it, they didn't take into account the rapid changes we face today.

We live in an accelerating turbulent world. Increasing complexity, drastically shortened production cycles and lack of resources is forcing us to come up with new answers.

Within leadership there are new and different challenges that require new answers:

- The complexity and speed of change is such that the demands on leaders are rapidly outdistancing the capabilities of any single person (Wageman et al., 2008). How can we shift from an individual leadership to a team leadership focus?
- The boundaries of control are shifting. Where before leadership was focused on distributing resources within the organization, nowadays a lot of the resources for production are outsourced in a network, and outside of direct control of the leaders. How can we shift from a focus on direct supervision to a focus on leading virtual networks?
- The basis of power is shifting. Where before the most experienced leader rose to the top, nowadays there is a shift towards autonomous workers, where innovative ideas count for more than experience. How can we shift from a focus on sustainable production to a focus on anticipation and innovation?

These challenges indicate a need to shift to a more interdependent and purposeful form of leadership to deal with today's turbulence. Leaders today should be focussing more on creating leadership teams, virtual networks and innovation. The question is: what concepts and tools can we offer to enable this shift?

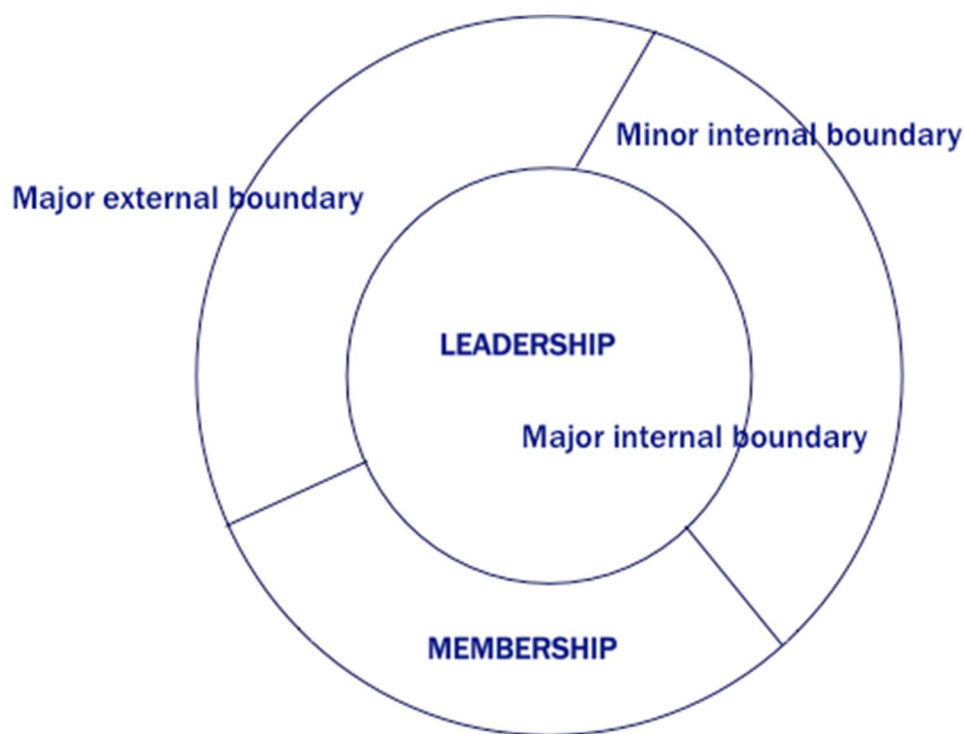
## **The structure of organizations and leadership**

### **What is an organization?**

Transactional analysis offers a comprehensive set of concepts and tools at the organizational level, which offer a systemic view beyond the well-known concepts at individual level.

Within TA, a group is defined as any social aggregation, which has an external boundary and at least one internal boundary (Berne, 1964). The major external boundary distinguishes between members and non-members i.e. between the group and its environment. The major internal boundary distinguishes between two classes of people, the leadership and the membership. Minor internal boundaries distinguish one class of membership from another class. An organization may be considered a more complicated type of group.

Figure 1. Organizational boundaries



### Public and private structure

One of the major contributions of Berne (1964) is the recognition that an organization has both a public and a private structure, that operate simultaneously.

The public structure is observable in the leadership and membership boundaries and roles (organizational structure) and through the relationships and dynamics between the individuals that fulfil these roles (intrapersonal structure). This public structure determines the structure of roles and relationships within the organization.

An organization also has a private structure, consisting of interlocking scripts and imagoes. This private structure is determined by the personal wishes, archaic needs and experience of the leadership and

the membership. It is visible in the culture of communication in an organization (transactions).

For instance, any organization has a formal structure of roles and hierarchy, which defines the power distribution in an organization. At the same time an informal structure of relationships is at work, which determines the dynamics of influence at work. And underneath all of that, a constellation of transference is at work, profoundly influencing our reactions to leadership, belonging and the culture.

## **Transactional Analysis focus on leadership**

In Berne's *Structure and dynamics of groups and organisations* (1964), leadership is described as a role on three levels of organization:

- Responsible leadership: legitimate power in organizational structure, accountable if things go wrong
- Effective leadership: actual decision making power in individual structure, dominant during organization activity
- Psychological leadership: symbolic, god-like in private structure, important in times of crisis

Berne also provides concepts to describe the historical development of leadership in a group (see also Fox, 1975):

- Euhemerus: the mythical leader of the group in the imago, seen as omnipotent
- Primal leader: establishes organization and gives meaning to canon through heroic deeds
- Personal leader: current leader & sub-leaders in the organization

In later transactional analysis articles, the focus is mostly on relationship-oriented leadership. For example, Rosa Krausz (1986) writes about the various uses of power in leadership to influence others towards results. Campos (1971) writes about leadership as the potency to allow clients c.q. employees to make a choice in the direction of their contract.

Some transactional analysts write more about the task oriented leadership. For instance Clarkson (1991), following Berne's description of the development of group imago, writes about the different tasks of leadership in different developmental stages. Gurowitz (1975) links the establishment of safe external group boundaries to the ability of the leader to establish strong internal boundaries.

Some have written more about the development of leadership in different settings, for example in articles on autocratic systems and on learning for leadership (van Poelje, 1995, 2004).

## The levels of leadership

In this part of the article I would like to focus on the main tasks of leadership in each level of the organization.

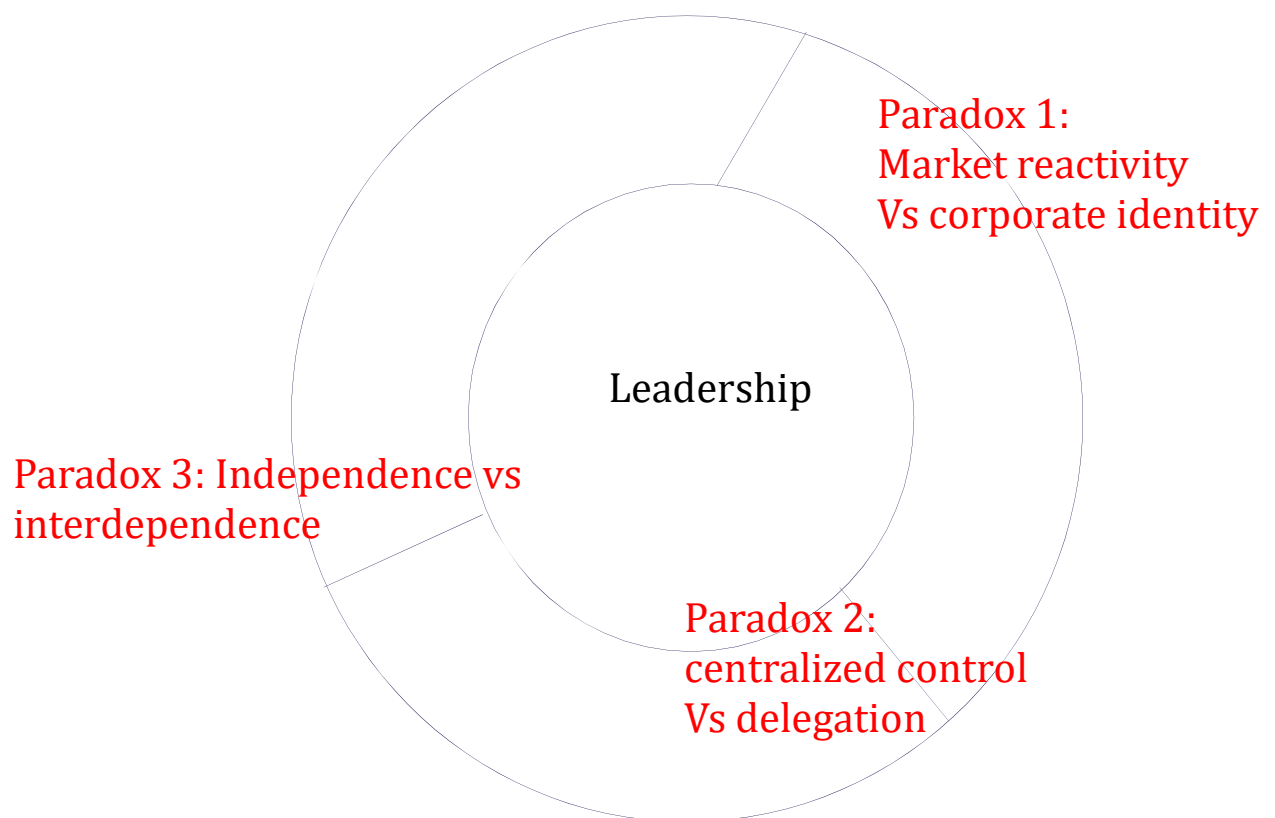
### Level 1. Leadership in the organizational structure

In the organizational structure leadership is defined as a role in the organizational hierarchy. It is distinguished from organizational membership, through the major internal boundary.

This is the domain of what Berne (1964) called the *responsible leaders*. They lead on the basis of their formal position and the sanction and reward power that are associated with that position. This is supported by the organizational constitution, which describes the purpose, boundaries, tasks and procedures in a group.

At this level the task of leadership is to manage the organizational boundaries and processes to fulfil the purpose of the organization. I believe at this level the main focus of leadership should be dealing with three major organizational dilemmas concerning boundaries.

Figure 3. Organizational boundaries and paradoxes



- Paradox 1: You can maximize the reactivity to market - open major external boundary - or the corporate identity – closed major external boundary - but not maximally at the same time.
- Paradox 2: You can maximize delegation - open major internal boundary - or control– closed major internal boundary - but not maximally at the same time.
- Paradox 3: You can maximize the independence- open minor internal boundaries - or interdependence– closed minor internal boundaries - but not maximally at the same time.

*Leadership of organizational structure is like being a D.J.*

At this level leadership is like being a D.J. with a boundary mixing panel with three switches. You open or close boundaries depending on the purpose of the organization and the dynamics in the environment.

For example if the organization's purpose is to produce at maximum efficiency at the same quality level time after time in a stable environment, the major internal and external boundaries and minor boundaries should be more closed. As a consequence the organization will be characterized by a strong corporate identity, with centralized control and independent business units.

Think of a corporation like MacDonald's, an international company with affiliates all over the world, that has to produce hamburgers in the same way with the same quality everywhere. They have a relatively stable market, and low level work, so they don't need a lot of innovative input from the market, and they need a clear hierarchical structure to deal with the routine tasks. All the processes are standardized, so there is little need for delegation of leadership to employees.

Another example is an organization whose purpose is to innovate and remain flexible in a fast moving market, like Apple. In that case it is important to be reactive to the market, and keep a more open external boundary, and encourage interdisciplinary cooperation amongst departments through more open minor internal boundaries. To keep the organization stable with this kind of openness it is important that the leadership remains directive and stable, underpinned with clear processes.

Every opening or closing of one boundary effects the opening or closing of the other boundaries. Every organization has to maintain a dynamic balance between open and closed boundaries to serve their purpose at different times. I will write more on this in my upcoming book on organizational transactional analysis – On the edge.

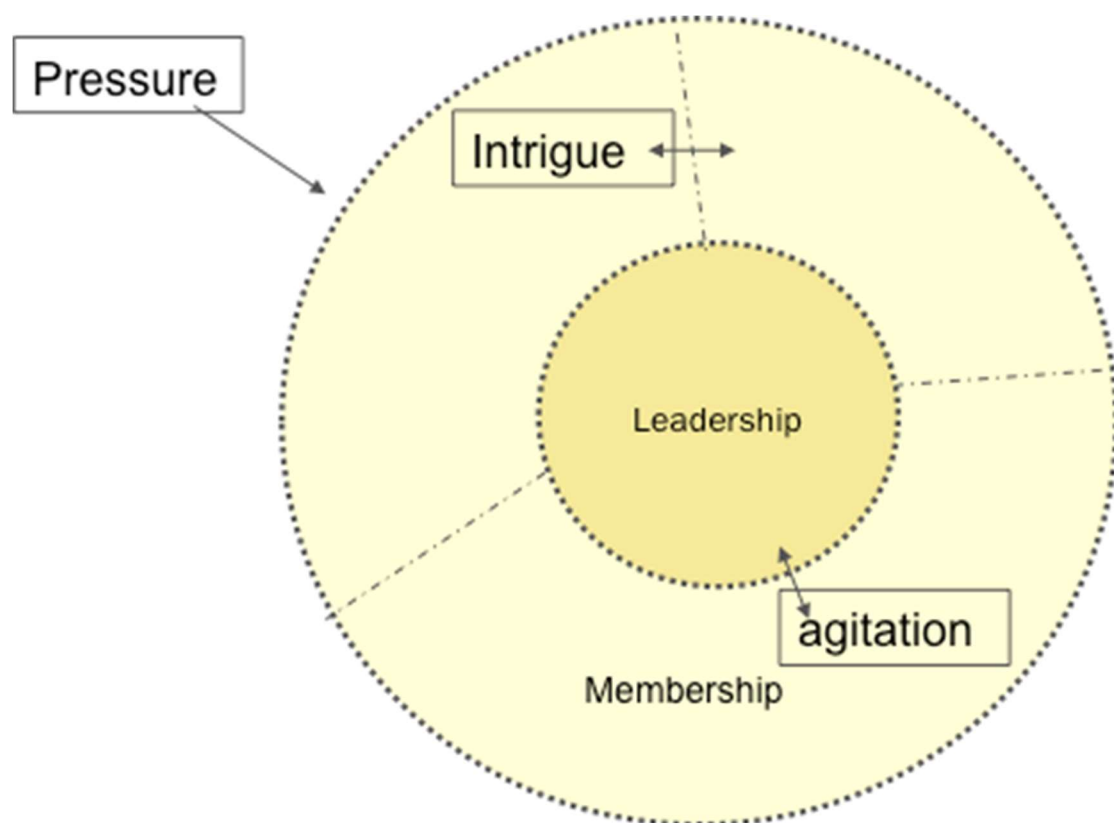
## Level 2. Leadership of the individual structure

In the individual structure leadership is defined as the ability to influence others to achieve break through performance. In Berne's terms this concerns the *effective leadership*, based on the authority of the person in their role (persona).

It is supported by the personal authority of the leader and the laws and regulations governing group dynamics.

At this level the focus of leadership is to manage relationships and enhance group cohesion to counteract dysfunctional group dynamics.

Figure 4. Managing cohesion



Cohesion is the need of members to preserve the existence of the group (Berne, 1966). It is the cohesive force, which can counter act the disruptive forces of pressure, agitation and intrigue. When there is not a balance between the disruptive dynamics and the internal cohesion the group becomes a combat or process group, instead of a work group.

*At this level leadership is focussed on increasing cohesion in a group. Research shows us that the more cohesive a group, the higher the performance (wageman et al. 2008).*

On the whole there are three strategies to increase cohesion:

1. **Increase the interpersonal attraction** Lewin (1952, p 162) Festinger et al (1950) by:
  - Increasing perceived similarity between members
  - Increase the interdependence of shared goals
  - Increase the social interaction in the group
2. **Enhance the social identity (Tajfel, )**
  - Create a positive in-group and a negative out-group
  - Minimize intergroup differences and maximize intergroup differences
  - Manipulate social beliefs about mobility, the possibility of change and legitimacy of the group to encourage people to stay
3. **Social exchange strategy (thiebault et al, )**
  - Increase the reward while lowering the cost of membership, while manipulating the number of options outside the group, the investment of the members in the group and the expectations of the group.

For example using this last strategy there are several important implications for increasing cohesion. To increase cohesion it is important for leadership to keep tabs on the rewards versus the cost of membership. Leadership can pursue a strategy based on giving higher than average salaries for instance, and/or lower the cost of membership by introducing flexible work hours, transport options, day care etc.

Apart from reward and cost, the leadership can influence cohesion through the three mediating factors. For instance you if you are the only employer in that region offering this type of job, there are limited options. If the members have invested a lot of work for a long time in the organization, their investment is large and they will be more reluctant to leave. Lastly if the organization exceeds the previous expectations of members, than people will be more likely to stay.

For example, Claas Hungaria is the only large employer offering his type of agricultural engineering job in the East of Hungary. People enter the company at a very young age, often passing on the job from father to son, and they stay still for lifetime employment. They offer a very good benefits package, compared to Hungarian employers, because their benefits are modeled on the German head office packages. They actively increase the benefits of membership by offering for example sports facilities and transportation to and from work.



### Level 3. Leadership in the psychodynamic structure

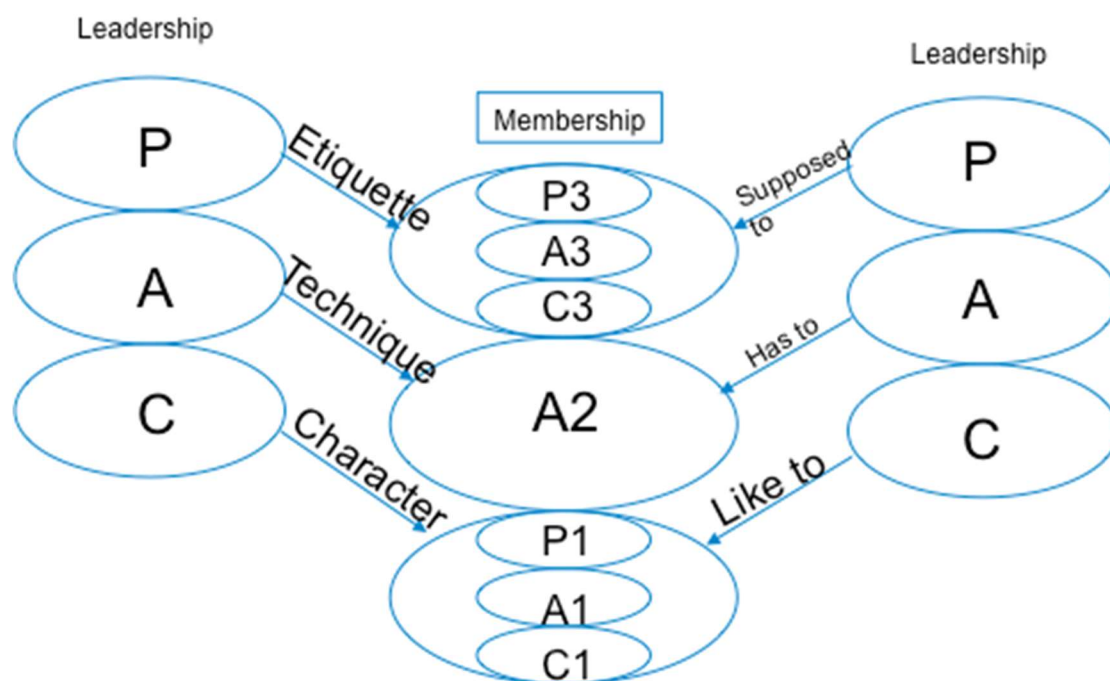
At the psychodynamic level the relationship between leaders and members is determined by the group imago, and based on the implicit script based expectations of both leaders and members.

Each of us has learned about leadership and membership in our first experience of group, which is usually our family of origin. This is the domain in which we create our first script beliefs, about leadership and membership. These colour our group imagoes until they are decontaminated and clarified.

**The leadership focus at this level is on managing the culture and on clarifying the group imago to minimize the archaic influence on actual performance.** This is done through a continuous process of decontamination of the leadership-membership relationship.

Berne (1964) defined three elements of organizational culture : the etiquette, techniques and character of a culture as introjected and experienced by the individual (Drego, 1983).

Figure 7. Organizational script matrix



In our archaic scripts the leader is seen as omnipotent. In the process of decontamination the leader has to become more of a delegating mentor, to gradually create a culture of realistic expectations, competency and participative leadership.

## Conclusion

Leadership is a position in the organizational structure, a relationship in the relational structure and an imago in the psychodynamic structure of organizations.

All the levels of leadership are active at the same time, and require a different focus.

In the organizational structure leadership is focussed on managing the permeability of the boundaries, and can be likened to be being a boundary DJ with a three slide mixing panel

In the relational structure leadership is focussed at increasing cohesion, to counter act any disruptive pressure, agitation or intrigue. Leadership at this level is focussed on improving the relationships within the organization by balancing the rewards and costs of membership.

In the psychodynamic structure leadership is focussed on clarifying the group imago and decontaminating archaic transferential processes on leadership. Leadership at this level is preoccupied with creating and maintaining clear communication and a healthy culture of performance.

Leadership is most powerful when all three levels of leadership are managed in a congruent way.

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