



Correlational Leadership and the End of Common Sense

Leadership in the business community is poised at a tipping point — to either consciously transform the organisation or simply exist as a figurehead. Today's organisations are so well-designed that they almost run on autopilot, with existing management systems and policies leaving almost no room for error. At the very least, these institutions are stable and immune to short-term deterioration without any remarkable effort because we have all come to value and appreciate regular and consistent results. In addition, compliance supervision and regulation make it difficult in typical situations for a modern organisation to mess it all up.

However, this scenario does not necessarily imply that the organisation is performing at the optimum level with efficient use of resources, both financial and human. In fact, regular and consistent results may simply point to just-acceptable performance. In any case, leadership continues to reap financial rewards, which may or may not be truly earned; after all, it has become very difficult to measure the true impact of any given leadership role. In the majority of cases, people believe that things happen because of their authoritative influence and

decisions, not necessarily because of the other people around them. In light of this situation, it seems apparent that what is needed is an investigation into the true impact of a leader in isolation.

Checking the facts

Decisions taken by leaders obviously have a significant impact on organisation results, for better or worse, but, can organisations directly link the results to such actions? So many companies go bust or perform at their lowest level because of bad decisions made by weak leaders – resulting in bad performance, unhappiness, dissatisfaction, wastefulness, inefficiency, untapped potential, poor customer service, no innovation, little motivation, and so on. One wonders if the average results of the many leaders do not actually link to specific cause and effect, but rather to correlations. In other words, the business community has created and accepted a new leadership definition that is purely based on correlation.

Logic and conventional wisdom are as follows: Company results are “acceptable,” so I (the business leader) should belong to the “good leader club.” But, in reality, no one has a clue whether



those results were, in fact, caused by the leader or by the very well-established management systems already in place. If the result is due to the management systems and policies, then we are paying that leader a super-premium in terms of bonuses and other perquisites for something that was not worthwhile.

Unfortunately, many organisations do not measure this significant unknown factor, which automatically correlates company performance with leadership without validating the actual cause and effect. That said, a company could simply place any person with some intelligence into a leadership role for the same results. In other words, this conventional wisdom has led to correlation leadership – not causal – in many organisations.

By not demanding the analysis of cause and effect in our organisations, we are traveling on a road that leads to the end of common sense and optimal performance. Consider:

- Shouldn't boards of trustees or directors (as representatives of shareholders) hold leaders personally accountable specifically for establishing clearly measurable goals across all the organisation?

- If the results of a company cannot be clearly linked to the actual decisions and strategies of a particular leader or team of leaders, how can we revisit that and make the linkage more apparent by using all the tools that are available to us?
- If boards (as representatives of shareholders) grant generous compensation and benefits to leaders who may or may not exert any influence on average results, what do we need to change that will allow us (as shareholders) to have the right to demand outperformance?

Correlational leadership can, sadly, only lead to encouragement of average performance and lack of motivation. When such thinking starts at the top, it soon trickles down through all levels of employees, who do not feel empowered to become their own leaders. Why should they bother, if adequate/average performance still nets rewards for their managers?

The results of many leaders are actually linked to correlations rather than causalities.



- In the end, leadership – whether individual or organisational – demands responsibility, accountability, and the urge to do more, be more, and perform more. Personal accountability – cause and effect – is the driver that can return common sense to leadership.
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