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Dialogue: Lessons on competence and character from president Donald J. Trump

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INTRODUCTION

In this non-partisan dialogue, we examine Donald J. Trump's deal-making during the first six months of his presidency. Rather than judging the man or evaluating his policies, we regard his actions as an opportunity to reflect on the realities of flawed and frail leaders more generally, and the impact they have on others.

We follow Isaacs' recommendations for 'generative dialogue' to overcome fragmentation in the public discourse about President Trump and in the academic literature about leadership. The dialogical method has a long tradition. Socrates engaging ordinary Athenian citizens in dialogues probing central ethical and political values and assumptions is a keystone moment in western intellectual history. In eastern philosophy, the dialogical method was used extensively in the ancient Indian scriptures, *Upanishad* (which literally means "sitting down beside"): they portray a teacher, a disciple, peers, and scholars engaged in dialogue in the court of a King, aiming to stamp out ignorance, find meaning, and advance new ideas and institutions.

In our present dialogue, we invite the reader to contemplate with us the dialectic of character and competence in leadership, and to consider Trump-inspired theses about leadership with relevance for research and practice.

Franz: You know, Himanshu, it seems to me that there is a new discourse on leadership that is gaining ground around the world. When I listen to my students, inside and outside the classroom, I see a systematic disenchantment with establishment leaders; and a fascination with outsiders and upstarts, with individuals from the fringes who aim at upsetting the established order, who are defiant of social norms. In the management domain, Jack Welch-style corporate titans seem to capture the public's imagination

much less than tech-entrepreneurs like Evan Spiegel or Travis Kalanick. And in politics the primary example of course is . . .

Himanshu: . . . Donald Trump, yes. The most prominent of the recent wave of western populists. From my Indian perspective, though, the outsider populist (that is to say: non-politician) who poses as an outspoken critic of 'the system' is not new or unique. It's common in Indian politics, at the state level. There is a political party in the state of Delhi, for example. It was formed recently, almost overnight. The party got everyone's attention by calling all other politicians corrupt, and by making tall promises to initiate criminal proceedings against just about everyone they pointed fingers at. They came to power with a historic majority, and once in power, they did precious nothing. Their first few days in office were marked by complete ignorance about running a state. And they continued with their vigilante approach, staging dharnas (sit-ins) and strikes, while they themselves were in power! Within days, some of their own party members and elected leaders were embroiled in scandals and corruption cases, similar to those they protested against and build their campaign around in the first place.

I think the parallels to what has been happening in US politics in the last few months are rather striking.

Franz: Granted, it's a predictable political pattern. I am less interested in Trump as an unsurprising populist, though. I think of the non-uniqueness as an advantage: he focuses attention on common flaws and frailty of leaders, especially those in the highest positions. A fact that we often idolize away.

In that sense, I would argue that Trump's presidency can serve as a catalyst for discussion about flawed leaders, about

issues of competence and character in leadership, and about social norms for leadership.

The challenge with Trump as a case study, is that there is just so much one could discuss — such as his extremely fluid relationship with the truth, his inexcusable racist and sexist statements, and his shockingly equivocal moral stance towards white supremacists. All of these issues are very serious. But as a management scholar, I'm intrigued by how Trump's flaws affect how he approaches important policy decisions. That ought to be mined for insight with relevance beyond politics and beyond the particulars of the man.

Himanshu: I know what you mean. The whole Trump phenomenon and media coverage has made me reexamine what I know and what I teach about negotiation and conflict resolution. And, to your point regarding social norms: it made me worry about the public discourse about what makes a good negotiator.

Alright then, let's take this competence and character dichotomy of yours as a starting point. What insights about leadership competencies have you gained?

ISSUES OF COMPETENCE

Franz: The first theme that crystalized for me was the outsider's advantages and disadvantages in a new leadership position. The relative success of outsider CEOs is a well-established research topic. In fact, my *Doktorvater*, Ed Zajac, published on this early in his career. He argued that corporate boards face a higher risk of moral hazard and adverse selection with outsider CEOs relative to insiders due to of a higher degree of information asymmetry, and that firms would suffer lower performance as a consequence. The empirical findings supported his argument. And I think the results would resonate with the Republican Party leadership, based on their experiences with president Trump so far.

Himanshu: I'm not sure the Republican Party had information asymmetry concerns on their mind during the primaries and the nomination. But it certainly seemed like few of the leadership were keen on having the outsider take over the party.

Franz: Very few, indeed. Usually, the argument for recruiting outside talent is two-fold: (1) outsiders bring knowledge and skills that are difficult to get or develop internally, and (2) they are less entangled and entrenched in the organization's status quo than insiders and thus more likely to initiate change. Trump's campaign featured both of these arguments. And in situations when you want to renegotiate important policy commitments, and reorder priorities as a nation state or as an organization, these outsider advantages are certainly relevant.

Outsiders' disadvantages, on the other hand, typically are (1) a lack of social and political capital in the organization to support a change agenda, and (2) a lack of familiarity with the organization and its environment. That's why, at least in the corporate context, outside CEO's change efforts, especially radical change efforts, often lead to a performance decline.

Himanshu: That second disadvantage in particular, the lack of domain familiarity, Trump disputed during campaign quite regularly. Despite being a political novice, he claimed that "nobody knows the system better than me", and there

were variations of that claim for a variety of policy areas: taxes, renewables, banking, trade, etc.

Franz: Well, I think by now it's safe to say that both of the typical outsider disadvantages — lack of social capital and lack of domain familiarity — weigh heavily on Trump. You can see it in the unstable relationships with some of his cabinet members and with key Republicans, and in the generic and vacuous terms in which he talks about his own policy initiatives like health care. He all but acknowledged his lack of understanding with his infamous 'Nobody knew that health-care could be so complicated' statement back in February.

The question remains whether he brings any of the typical outsider advantages.

Himanshu: Having no attachment to the political and bureaucratic status quo in Washington, has allowed Trump to break with a number of traditions — especially the presidency's relationship with the press, handling of relationships with members of his own party and with foreign allies, and the filling of administrative appointments. Theoretically, his relative independence from the political establishment would open the possibility for unorthodox and bipartisan deals. But so far there has been very little deal-making. It's been mostly deal-breaking, getting rid of arrangements and breaking relationships that had been taken for granted. Whether this amounts to "draining the swamp" or merely to stirring the swamp or re-populating the swamp is debatable, but it did change power relations somewhat. We'll have to see whether any of these moves yield tangible benefits for his supporters.

Franz: And I would argue those benefits hinge on the knowledge and skills he brings to the job. Which leads us to Trump's central competence claim: that he has the relevant knowledge and the skills to make great deals for Americans and America. But even on knowledge grounds alone, there is reason to question this alleged core competence of world-class deal-making.

The drama around the attempted repeal and replacement of Obamacare has been a remarkable demonstration. Especially the first episode of it in March 2017, when Trump posed an ultimatum to the house of representatives to vote on the 'repeal and replace' bill within 24 h. This was after about two months of deliberations, at a point when consensus was elusive. As a comparison, Obamacare took about ten months to pass in the house. The result of Trump's ultimatum was that Republicans withdrew the bill, and disappointed voters on a major 'day one' campaign promise.

Now, we know from research that time constraint can increase negotiators' concessions and cooperation, and can lead to faster conflict resolution. And a novice may be tempted to use time pressure tactics indiscriminately to close a deal. But more advanced negotiators should know that these benefits are highly context dependent, that they diminish significantly for complex negotiations, and for negotiations that are very transparent to a broad audience (like most public policy deliberations). Carsten De Dreu's experiments show that negotiators under high time pressure engage in less cognitive processing. They 'close their mind' to nuances of arguments and information shared in the negotiation. They consider fewer options, focus more on negative information. And they rely more on heuristics and stereotyping of opponents.

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