

Hubristic Leadership

Person and Process Perspectives

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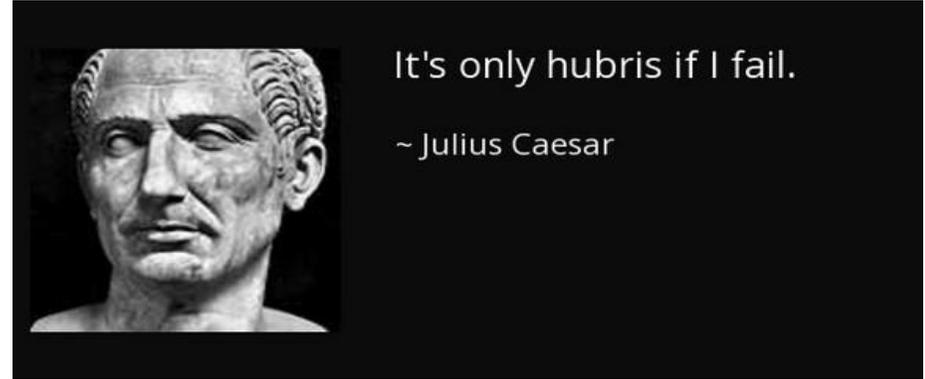
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Process perspectives

Hindsight

The hubris hypothesis (Roll, 1989)

Before the fact



After the fact

“If an action succeeds it is viewed as justified confidence. If the same action fails, it is viewed as hubris”

Paradox

Hubris – Is thy name Richard Fuld?

FINANCIAL TIMES September 14th 2008



Is it just coincidence that both Lehman Brothers and Bear Stearns were led by entrenched men who lost touch with their employees, businesses and mission? Did hubris cause the collapse of these two venerable banks? As 158-year-old Lehman disintegrates, and potential buyers sniff the carcass, it is worth asking whether blame for the fall of both Lehman and Bear might be attributed, not only to a failure of risk management, but to a failure of character.

“People are spreading nasty rumours. When I found out who it is I’m going to reach down his throat and tear out his heart” (1998)

“it’s kind of a what makes you good makes you bad kind of thing” (1998)

Why we fail

Combination of hubris, *hamartia*, and *anagnosis* (HH&A).

HH&A “driving events towards an ultimate failure”

“Our organizations are becoming so complex that every individual act has unexpected side effects, many of which cannot be anticipated. When systems are interdependent, actions in one area directly and immediately affect many others”

Tragedy in the making

“Past events as well as the values and beliefs of previous managers are all interactive partners in a system that collectively produced the disaster”

President Nixon’s announcement January 1972, that the United States would achieve routine spaceflight using re-usable rockets.

Achievement gave birth to culture of hubris



Mason (2004)

Witnessing rise and fall

How do managers formulate strategy in real time? A five year study

Intended actions interacting with chance environmental circumstances and the unintended consequences of prior choices decisive in changing fortunes of the firm

“While Napoleon thought he was in control of events, the Russian general Kutuzov knew that neither of them were, and so made fewer mistakes”

“Control ontology in a fluxing world has great danger”

(MacKay & Chia, 2013).

Emergence of hubristic banking

Hubris, competition, performance, reward – a toxic mix

“We spent about I think 775 million dollars... on buying a small retail bank in Russia. The then chief executive of the global retail and consumer banking side... **was determined to, ‘plant flags in new territories.’ So one of the things you’ll find with some chief execs is glory through acquisition...** He ignored everybody and bought it. We bought an absolute dog of a bank”

Learning lesson's

Mindfulness: Continually review and refine expectations in relation to events and context

Future scenario planning

Prioritise risk as much as performance

Increased communication at all levels of organisation

Reduce silo working practices

Enhance the chances of detecting emerging patterns before it is too late

A strange lesson

“The fall of the auto-executive Carlos Ghosn is a classic case of executive hubris. Since being credited with turning around Nissan, Ghosn has become seen as a corporate Demi-god. He is featured in business books and has been the subject of case studies used to teach managers in training (Spicer, 2018)

Heroic



Un-heroic

Tragic & Epic plots

Tragic plots: Unfold in phases of rising, crisis, falling, denouement.

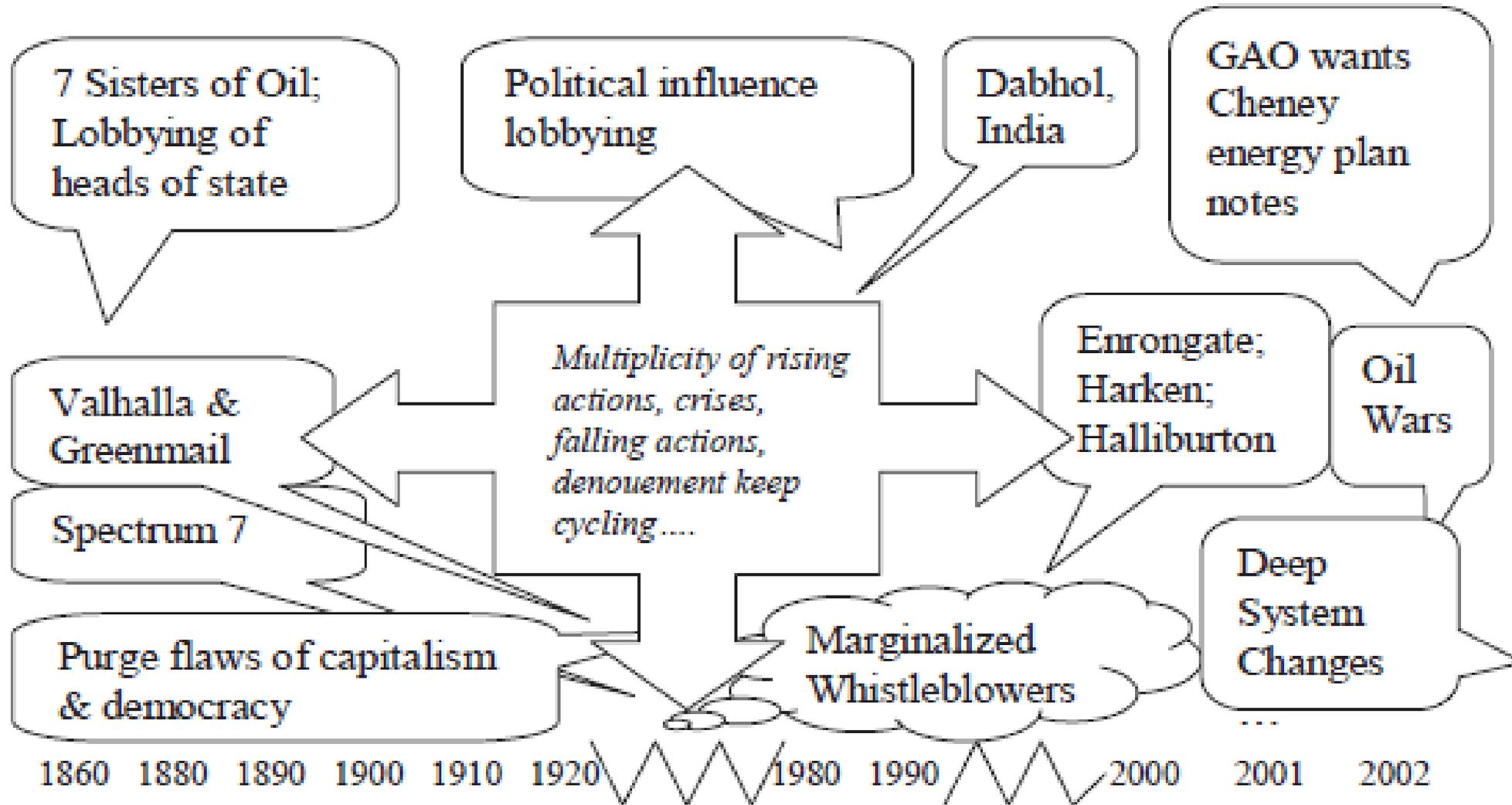
Attributes reversal of fortunes to the...

“tragic hero’s flaw (which causes both success and failure), their overweening pride (hubris)”

Epic plots “more complex than three-dimensional chess”

Multiple plots cutting across “the big one”

Enron tragic-epic



The direction of travel

“...bank bosses needed to be thoughtful and open to being challenged by colleagues and boards of directors...Culture has laid the ground for bad outcomes, for instance **where management are so convinced of their rightness that they hurtle for the cliff without questioning the direction of travel**” (*The Telegraph*, 2016).



Vectoring

Certain events decisive in bending the trajectory of a process

Eventfulness of any event knowable retrospectively

“Leadership is the power to change vectors”

“What is it that ties events together?”

Hubristic Leadership

A kind of leadership process

Reversing fortunes of organisations and leaders

Combination of Tragic and Epic processes vectoring through time

Tied by organisational performance

Testing times, Boom Times, Borrowed Times, Out of time.