

## Exchange and Gifts in Leadership

Thoughts drawn from two books

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The idea that leadership is the domain of heroes is still strong. Transformational leadership is much promoted in transforming public and private organisations that are in dire straits and need a step change. Not least is this argued when it comes to poor and weak CPA rated local authorities, housing organisations with poor inspection ratings, and government agencies with high profile service failures. But these leaders are few and far between, the circumstances and culture won't often allow them to enter, nor would they necessarily be successful, and the results when they happen can be short lived. The majority of leadership needs to be of a different sort.

Two books throw some light on what can be done as a public organisation or as someone in a leadership position if the label 'heroic leadership' doesn't fit your situation.

The first – ***Living Leadership: A Practical Guide for Ordinary Heroes*** by **George Binney, Gerhard Wilke and Colin Williams** – directly challenges the role of transformational leadership. They argue that instead of being heroes/heroines most effective leaders are ones who transact vigorously, openly and honestly with those around **in the moment**. (Gerhard, who works with us, is a strong practitioner of this in the public sphere.) This rather than the heroic model of 'radical surgery' which re-structures, re-peoples and re-orientates to the future for 'strategic' gains. Most effective leaders use transacting as the primary vehicle for change rather transforming attempts.

The second book - ***Respect*** by **Richard Sennett** – is puzzling over the loss of respect in many transactions in society, particularly in the public sphere. As he says '...unlike food, respect costs nothing. Why then should it be in short supply?' The answer is of course not simple but it is much to do with the isolation of the individual and he constructs some non-sentimental thinking (which pre-dates the Government's use of the word respect) about how it might be recovered though acknowledges there are no simple panaceas. Respect builds from the way in which people with unequal talents, needs and predicaments can exchange things and offer gifts in a way which deals realistically with these inequalities and the psychology involved.

Some of the thinking re-emerging about leadership (for we have been here before) is the need for nature of exchange to be at the heart of leadership. Exchanging and transacting well around the basic proposition of, 'If I give you this then will you give me that'. Clearly there are many variants of this, often crucially different and dependent upon the tone and motivation. **In both books they draw attention to at least two types of exchange, both relevant to the leadership situation.**

**The first Sennett calls the 'economic' exchange.** Much of leadership is of the form, 'I'm offering this in exchange for that', direct one-to-one correspondence. This is exactly similar to the purchase of a product for a price. There is exchange and then closure – the account between the two people is cleared. Much of the 'purchase' of services whether it be a hard contract e.g. for waste collection, or the salary for a particular job can be seen in this way. The leadership of change frequently involve 'deals' in the both the political and managerial sphere – 'If you back this budget cut then there will be support for you're policy/scheme'. 'If you have this will you give up that?'

There is nothing necessarily inappropriate about this – much of public service life is about ‘deals’ that feel fair to all parties. It’s the ‘change deal’ or rationale. But this exchange because it is completed and is cleared may add little to the ongoing relationship. One might be looking for more and it is here that both books draw upon a similar source in an unlikely place – the South Pacific.

This **second type of exchange centres around what we could call a ‘gift’ in the exchange.** This seems like a rather rash, if generous, basis for leadership i.e. would you take this...’. In today’s climate of ‘nothing is for nothing’ this is treated with suspicion. But it may not be otherworldly particularly when the gift is not seen as a ‘pure gift’ but something to deliver longer term benefits to a relationship.

Bronislaw Malinowski a renowned anthropologist was studying the Trobriand Islanders in the South Pacific. Regularly the islanders from a dispersed set of islands would come together for a market festival to trade in the normal ‘economic’ way. What Malinowski wanted to understand was the very elaborate ceremonies of gift giving that went alongside and were of greater importance. What was their function?

The ritual was (and is) of person with an ‘air of modesty and falsely apologising ‘ giving a carved shell necklace or bracelet to another different islander, saying something to the effect that this is all that remains of his poor possessions. This in turn is declined in the same self deprecating way ‘behaving as if he cannot accept it,... snatching up the bracelet or necklace just for a moment before dropping it again’ and so on between the two before the gift is accepted. At a later stage the process is reversed. What is this all about given that it had been going on for many years?

Malinowski wrote at length about it in his 1922 study and concluded amongst other things that:

- The **gift giving ritual was a mechanism for binding the islanders together who in the past had been in conflict** and the harmony of living together needed more than the basic exchange of ‘economic’ trading;
- Additionally and crucially the ritual **created a dynamic** (with its suitably self deprecating style) **that was an ongoing obligation to each other over time** – it was not exchange and clear in the ‘economic’ way nor was it a ‘pure gift’ as it had obligation for a later return gift.

Can ‘relationship only take root when we stop reckoning equivalence’ as Sennett suggests? Is economic exchange insufficient for relationships to build upon? If the answer to both is ‘yes’ this has important implications for many areas of life, not least in social policy (where Marcel Mauss followed these ideas through in a book called ‘The Gift’) and, our interest, leadership.

So back from the South Pacific what might be the implications for leadership? Three appear to be particularly clear:

1. **If leadership is largely based upon transacting then exchange is (and always has been) at its centre** – ‘I am offering this in exchange for your

support/ action/ commitment/ resources to this change?’ What’s in the transaction for both parties? We have seen much evidence that effective leadership – the vehicle for enabling change – is often exercised well by those who recognise that a ‘deal’ or transaction is necessary over many things. Open and authentic transactions are important in the complex, unpredictable and evolving work of leading large public organisations. This is not to deny that the politics/Politics of public organisations requires circumspect leadership rather that **how** these deals or transactions are struck is the stuff of effective leadership.

***Are we transacting openly and vigorously with our colleagues in the moment?***

2. **‘Economic’ exchange is a sufficient basis for much leadership** – ‘I’ll trade this for that’. In many situations within the local authority looking at the ‘change deal’ (explicit or implicit) can be a convincing way of assessing the leadership demands and setting out the case for change. This is particularly true as it affects what an individual receives for what he or she gives. If tasks, responsibilities or even whole jobs are at stake for politician and manager, or service quality and costs for the user of public services then the deal needs to be convincing. If it isn’t convincing to you then it certainly won’t to the other person.

***How clear and convincing are we about the change deal being struck in leading change?***

3. **Thirdly** where there is a history of conflict, lack of trust or resentment then something more than a straight ‘economic’ dealing is needed. **Building the potential for change may require a gift (or repeated gifts) to signal a change in the relationship.** It may require the ‘gifts’ of greater openness by the leader, assistance to the other parties/Parties; something that goes beyond the straight deal and quid pro quo. Offering real and genuine gifts may be necessary to change a culture of conflict and antagonism.

***When a situation is blocked what acts of generosity could unblock the situation?***

Much of this is fairly straightforward but it does require us to keep rethinking our practice of transacting as leaders.