

Leading without authority



With flattening hierarchies, an increasing number of leaders are occupying roles without a formal, positional power and are required to positively engage with, influence, and lead others without being directive or coercive. A look at this leadership trend!

By **Rajiv Jayaraman & Subramanian Kalpathi**

“When trust is extended, it breeds responsibility in return. Emulation and peer pressure regulates the system better than hierarchy ever could.”

— Frederic Laloux, *Reinventing Organizations: A Guide to Creating Organizations Inspired by the Next Stage of Human Consciousness*.

The abovementioned quote by Frederic Laloux divulges a critical reality about ‘leading’ in the 21st century. In the digital age, the traditional principles of leadership no longer apply; leadership today is about leading without any formal authority. With flattening hierarchies, an increasing number of leaders are occupying roles without a formal, positional power and are required to positively engage with, influence, and lead others without being directive or coercive.

But let’s dive deeper into this. More and more organizations are bidding adieu to the rigid

remnants of the industrial era: regimented, top-down organizational structures that confined people to silos and thought to maximize efficiencies of scale. In their own unique way, organizations are rejecting hierarchies and tuning in to more humane structures and work practices that minimize friction between teams, encourage collaboration, empower people, maximize effectiveness and improve productivity. For instance, Brazilian manufacturer Semco has embraced its own unique style of radical self-management so much so that the CEO of the company, Ricardo Semler, has been described as “a visionary and collaborative leader who has worked hard to get out of the way so that his people can step up and innovate” by Michele Gelfand, a psychologist, in the book *Rule Makers, Rule Breakers*. On similar lines, the online shoe retailer Zappos (now an Amazon company) adopted a self-management technique called Holacracy, which eliminates formal job titles, managers, and traditional hierarchy in favor of a series of overlapping “circles” where people can have several different roles. Even ANZ Bank announced its intention to ‘cut the current bureaucratic and institutional hierarchies, and create smaller multidisciplinary teams able to respond speedily to competitive threats.’

With the fourth industrial revolution in full swing, organizations are experimenting with not just newer ways of going to market but also alternative work practices that, in turn, assist their GTM goals. This is not some peripheral example of new age management approach, but a proactive measure taken by insightful business leaders who believe in unique ways of working that allow them to stay ahead of the competition. Striking among such examples is Amazon CEO, Jeff Bezos’ philosophy on empowering employees down the line by giving them the autonomy to take what he terms as ‘Type 2 decisions’. He clearly differentiates between Type 1 decisions (irreversible, requiring deep thought and deliberation) and Type 2 decisions (which are changeable and reversible). According to Bezos, “As organizations get larger, there seems to be a tendency to use the heavy-





weight Type 1 decision-making process on most decisions, including many Type 2 decisions. The end result of this is slowness, unthoughtful risk aversion, failure to experiment sufficiently, and consequently diminished invention.”¹

Bezos’ views on the consequences of non-deployment of quick Type 2 decisions found validation in the industry-wide Digital Readiness Study undertaken by KNOLSKAPE Insights Center. During the first phase of the study that interviewed 30 HR leaders across India, it was found that while 88 percent of organizations believed they take measured risks to solve business challenges, only 40 percent of leaders felt they have a culture that encourages experimentation and ‘smart failures’. The ongoing study, which has now expanded to a data-set spanning 90 firms across various industries, echoes the shifting sentiments of corporate culture in the digital era. It may be fair to assume that the low rate of experimentation and risk-taking in such firms is due to lack of Type 2 decisions down the line.

When it does occur, Type 2 decision-making is a great example of Leadership Without Authority (LWA) being played out across levels. In a workplace setting where formal hierarchies are gradually melting away, decision-making is devolved, and accountability is commonplace, a title to think and act responsibly is not necessary. Leadership without authority (LWA) is a shared responsibility, with executives at all levels taking ownership. Such a leadership turns the traditional notions of the know-it-all leader on its head and is more inclusive and empowering, which means that leaders have to move beyond ‘show and tell’ and add skills like influence, impact, and inspiration to their repertoire.

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We believe that flatter organizational structures characterized by nimbleness and agility will increasingly become commonplace, especially in organizations that make a concerted effort to continuously innovate and stay ahead of competition. Such organizations will likely maintain their edge in a VUCA environment only if they can foster a high-trust, open culture that allows the organization and its employees to move decisively in a specific direction, as one unit. A pre-requisite to building such a culture is Leadership Without Authority (LWA) at all levels, i.e. fostering leaders who can lead with positivity, ownership and empathy. 

1 <https://qz.com/961350/lessons-from-the-bezos-way-and-the-success-of-amazon/>

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