

# Leadership and Strategies in the 21st Century

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**Abstract:** The article defines and describes what are Strategy and leadership. It further explains that since the World configuration is uncertain and it changes even during these days, a new socio-economic strategy is required. The failure of both the traditional ideologies, Socialism and Capitalism, to provide a satisfactory prognosis induces, the Author to offer his **Social-capitalism concept**. The given prognosis combines the positive features of each of the two older views and offers a **strategy** working on a balanced and comprehensive mode of operation. Competent and proficient **leadership** are required from those who will be dedicated to establish, install and administer this strategy. Leaders are required to set an Example and should wish to become Role Models. Since they are very crucial and essential for moving people leaders should permanently improve and expand their personal communicating talent and their ability to inspire other people.

**Key words:** strategy, comprehensive & integrative approach, balanced & complementary concept, inspiring & competent leadership

## 1. Introduction

At the 21st Century's second decade the World still is shaking, much is uncertain and international power circles change frequently. Unfortunately, one must admit that the World at present, adopts and is led more in accordance with Huntington's (1996) "The Clash of Civilizations" than with Fukuyama's (1992) optimistic view of the "end of history." Many of the hopes reflected at the beginning of the new Millennium have faded away and new dangers and threats, especially fundamental Moslem terror, intimidate many nations. The fact that the economic downfall continues, in different rate in many EU countries adds additional hardship to the general confusion. In fact both the Capitalist system and the Socialists derivatives are failing to provide promising solutions for the very complicated situation. Since the following article was required to refer to Strategy and Leadership the Author uses these two topics for presenting his Social-capitalism concept, which is a leading candidate for providing a working solution for some maladies of the World.

The article first defines Strategy and Leadership, further discusses the current complex situation and later presents the main ideas of the Social Strategy. Finally it explains and clears the meaning of leadership in this context.

## 2. Defining the Issue

In order to share a common language and construct an agreeable platform for the discussion, it is preferred to define first the two main terms.

### 2.1 Leadership

**Leadership: "Management, Control, Guidance, Headship, Direction and The**

computer's dictionary offers the following words for describing **Governance.**" It provides synonym words but it does not explain weather it is science or an art, a thought or an action. The Webster Dictionary describes it as a "The quality displayed by a leader" who "leads a body of moving troops" or people and can "holds the first place"(pp. 562). The American Air Officer's Guide (1957) claims that "**Leadership is essential for success**" and in the core of leadership are three fundamentals: **1. Character; 2. Knowledge; and 3. Power of decision,** pp 342-343). Others prefer to assess leadership by a much broader perspective. They argues that: "The measure of leadership is not the quality of the head, but **the tone of the body**", additionally, "**Leaders should leave behind them assets and a legacy**". And the demands from leaders further grow as "**Leaders are obliged to provide and maintain momentum**"(De Pree1989, pp 11-22). Another viewpoint argues that, Leaders should be "**responsible for their feelings and actions**" (Hyland & Yost, 1994, pp 36-37). However it seems that Colin Powell have the highest demands when he summed up the mission of leadership by expecting them to do well and accomplishing successfully all the unknown, unpredicted or even unexpected duties and developments. "**Leadership is the art of accomplishing more than the science or management says is possible**" (Powell 1996, pp. 255).

As one can see, all the above definitions were produced and delivered in the former Century and followed mainly the teaching of the Modernism Paradigm, relevant to those days.

The question asked today is, whether the former definitions fit to the new postmodern social and economic environment? The

author claims that due to the rapid disperse of democratic movements and the significant augmentation of the Media, **leadership in the 21st Century is much more complicated and difficult than in the past.** Since more people, over the globe, feel themselves free and enable to exercises their liberty, it is more difficult to convince them to adopt a certain point of view. Most of the older methods of coercion are not relevant any more. People from all walks of life are looking for ideas, challenges, sometimes even visions to catch their imagination.

## 2.2 Strategy

The Twentieth Century was the period when strategy and its derivatives reached their top. It was an era that promoted strategies, which emerged from rational thinking and endorsed logical decision making. Although that century witnessed two dreadful World Wars besides other regional and logical conflicts most of the struggles were justified and supported by rational thinking and ideological beliefs.

The theoretical approach, which supports the decision making process was in essence quite simple. It runs as follow: defining goals, collecting data, analyzing information, indicating on the relevant options, considering the alternatives and selecting the most appropriate method of execution. Throughout all this process it was assumed that the decision makers have all the required information and they are familiar with all the surrounding factors. The hidden assumption supporting Modern strategies was that decisions are made within a rational environment where most of the variables are known and their impact is simple and clear. Causality, its

effect, direction and strength was also identified and considered.

For good or for bad, **decision making processes and strategy creating, in the 21st Century, totally differs from the previous practices of the 20th Century.** The **cornerstone, or the leading assumption of the present time is that human society and economic relationships are run within a changing and uncertain environment.** As mentioned in the previous section, increasing democratic influence, unprecedented communication outburst and growing sense of freedom make the art of building a strategy almost an impossible mission. It is almost clear that former rational considerations or logical approaches that were so essential in the former years, do not suffice for offering a sound strategy today. The case of Greek and its relationships with the EU is just one sample, which demonstrates the complexity.

## 3. The Current Situation

There is no need to discuss too long the current situation since many agree that great parts of the world still suffer from unsatisfactory living conditions.

Most of the East European countries still limp behind West Europe and even the Russian giant seriously suffers from a drastic deterioration of its economic status.

### 3.1 The Failure of the Social-Communist Concept

The collapse of the Soviet Bloc, at the 20th Century's last decade, clearly indicates the incompetence of the Socio-communist ideology to offer a satisfactory way of life for all its followers. Beside the burden of suppressing human rights and minimizing

democratic governance the former Socio-communist regime point out on the weakness of bureaucratic regime to run efficiently the economy. An administration that tries by the power of its clerks and the force of its officer to impose and coerce production of goods and division of merchandize, has little chances for success. **Liberated people would always urge to be free in their economic choices. Once Democracy is installed, Central Controlled Economic system is going to lose ground and influence.** The pertinent question in this regard, is therefore, **what is the appropriate Strategy that could offer the best track for achieving success, prosperity and happiness?**

### 3.2 The Failure of the Brutal Capitalism

The discourse between Socialism and Capitalism continues for more than 200 years. Although both Ideologies experienced periods of prosperity and decline, they have preferred to stick to their original perception. General speaking during the last 30 years Capitalism conquered and took the lead. However, because of too high self-esteem and uncontrolled ego-trip (see **Marcum & Smith [2010]**) of many capitalists recent Capitalism resulted with a vulgar and brutal behavior. The old classical and traditional mode of **humanistic Capitalism** was replaced by the brutal one. The rat-race for profits and a disgraceful urge for astronomical revenues carved the character of recent Capitalism.

The New York Stock Exchange traders in 2008 were overwhelmed by the greedy desire of maximizing profits that they behavior was strongly resembled to California's Gold Rush in the past. **Lewis Michael (2010)**, in

his enlightening book "**The Big Short**" well describes the frightening behavior of those greedy trades. Another, a well written book by **Chang Ha-Joon (2010)** provides some additional information about the sophisticated practices used by those traders. The greedy methods that caused the collapsing of the financial markets and the insufficient governmental measures administrated in US and in Europe induce the justification for reexamining the basic principles of the classical capitalist teaching.

Devoted capitalists and opponents of socialism tried, during the last decade, to change and reform it so that its main driving motive –the making money desire – will be hidden and concealed. In a way it reminds what **N. Taleb (2010)** termed as using "**The Bed of Procrustes.**" They intentionally concentrate on changing the expressions of their profit rather than finding ways for increasing people's benefits. By so doing they missed the point. They did not realized that Capitalism that wishes to better its image should care more about people's wellbeing and not only about increasing its capital revenues.

### 3.3 The Confusion of the Last Years

The situation became more complex during last years. At one hand, US economy advanced slowly from its 2008 downfall due to smart government and Central Bank actions. At the same time Europe hardly struggles with the dangers of insolvency and bankruptcy of some of its main nations. The present political-economic conditions both in America and in Europe created an environment never experienced before. Financial world with a very low interest rate (0.0 -2.0) creates new conditions that required new

thinking and fresh approaches. A very low economic growth, of 0.0 -2.0% GMP per capita, in many of the Western countries is an unusual phenomenon economists and politicians should learn to deal with. In addition to the practical facts of complex and sluggish development of the West, theories are disappearing and the academic world is confused.

This situation encourages the Author to join some writers who seek a better and a more appropriate reform for establishing a reshaped socio-economic order. Thus, the author analyzes some key elements of both Socialism and Capitalism approached with the intention to find a novel arrangement fitting better to nowadays time. Such an analysis could assist in understanding better the differences between the two philosophies and finding some elements for creating a better synergy between them. Such a discussion is necessary since major parts of these two leading ideologies could be used for constructing the new strategy. Additionally, these elements could be used as building blocks for constructing the new theory – the Social-capitalist prospectus.

For providing a wider outlook and a more comprehensive view on the whole issue and for updating and deepening the understanding of recent developments, some prominent figures in global economy were interviewed by February 2015, while participating in an international conference in Israel.

The general atmosphere along the interviews was not optimistic. All the interviewers emphasized the complexity of today situation. **Suzan Berger** of MIT, claims that with reference to US, **maintaining substantial manufacturing and actual production capacity at home, is essential for encouraging**

**and enabling an atmosphere of Innovation and creativity.** The actual meaning of this recommendation is that globalization is not the remedy for all social and economic maladies. **Didier borowski**, an investment strategist, argues that **we live today in an uncertain territory with very low growth expectations and unpredictable investment prospects.** The conclusion here is in fact simple, minimize risks and be aware of hazardous investments. **Branko Milanovic**, an economist and a development specialist, **perceives the collapsing of two major modern pillars, the political and the economic ones, a disorder or chaos that could result with a Third World War or another monumental very long religious conflict.** This perspective supports some of the arguments detailed by of the famous book “The Conflict between the Civilizations” and the fast spreading of terrorist activities all around the world. **Andrew Michael Spence**, A Nobel Prize laureate, claims that **weak and reserved consumption levels force will force governments to promote public investments and expanding financing of infrastructures.** This advice coincides with the Author’s ideas of combining public and private resources for the benefits of both sectors. **Felix Zulauf**, An investment Guru, assess that his perceptions differ from the mainstream’s expectations. His global analysis encompasses **a complex world containing older populations, currency wars, weak Central Banks and confused governments.** History teaches that investing public moneys should be carried out by very cautious and responsible people. It is encouraging to see that some of the new Gurus have adopted such a view and supposed to be more accountable than the NYSE traders in the 2000s

#### 4. The Social-capitalism Concept-A promising Strategy

The complexity of present time and the hesitancy of contemporary scholars to point on a preferred direction enforces the author to offer his proposal for further development. Thus, the **Social-capitalism strategy** is presented below as a leading political-economic strategy for the 21st Century. **Leadership** will later be discussed with the implementation topic.

##### 4.1 Social-capitalism – a Tool for Settling todays Complexities

As the title hints the strategy's name is drawn from the name of the older two ideologies. The Author believes that both Socialism and Capitalism have some positive points and putting them together may yield a better product. **The Social-Capitalism concept** is based on the principle of **equal but different**. **It is given that all people are born as human beings, disregarding their race, color, gender and religion. As human individuals they have Equal Personal and Social Rights and but also important Obligations. These living entities differ in their Physiology and asychology, vary in their mind-set, diversify in their talent and competence and differ in their needs, desires and inspirations.**

**The Social-Capitalism perception** recognizes, legitimizes and adopts the new reality of **human Versatility, Diversity, Pluralism and Heterogeneity**. This approach replaces the previous modern perception, which believed and struggled for formal equality. The heterogeneous approach believes in a society that contains similar people and is comprised of individuals of different origin, and a variety of ethnic groups, races and colors. The

Social-capitalism paradigm claims that in the heart of the 21st Century Post-modern society lays the idea that **every individual, a group, a community or a nation should be given the chance for expressing themselves and demonstrating their specific features and wishes.**

It is argued also that the **Normal Distribution Methodology** (known also as the Bell Shaped Distribution Curve) is the most appropriate technique for studying human behavior, needs and desires. This method enables also to better asses, compare and analyzing different social environments.

The Social-capitalism approach rests on a sets of personal understandings. It perceives the individual being intertwined with in a set of mutual responsibilities, to himself, to his colleagues, to his community and to his country. It assumes that people should be aware of what they are entitled to receive versus what they are asked to give. Remember JF Kennedy note: **“Don't ask only what I will receive but rather what I am going to give to my country”**. At the Social-capitalist regime **Human Rights should always be kept but should also be balanced by demands to fulfill personal commitments**. Years of struggle for emancipation and fighting for getting civil rights caused individuals, communities and nations to focus on achieving rights and benefits. Democracy and Freedom were frequently interpreted wrongly, while neglecting communities' needs. The proposed strategy wish to maintain **among its members a balanced regime between rights and commitments**.

The former capitalist paradigm assigned too much importance to personal freedom and private initiative. This tendency frequently resulted with negligence of

communities' undertakings and reduced social commitment.

Socialism, on the other hand, provides too much power and exaggerated importance to bureaucrats and administrators. The Social-capitalist idea urges to maintain a practical **equilibrium between both personal and social undertakings. Creative individuals need a warm supporting community for accomplishing their mission and healthy societies need to have creative innovative individuals for pulling them forward.**

#### **4.2 Social-capitalism - a Modest but Plain Integrative Strategy**

In contrast to the older two ideologies Social-capitalism adopts a moderate and encompassing mode of operation. As a designated policy it tries to find common ground and mutual benefits in most of its operations. Greediness at one hand and exploitation on the other, are rejected because they cause damage to all participating parties. The Social-capitalist strategy clearly knows that every discourse has at least two parties and one cannot get the true picture without understanding both sides. However, the proponents of the strategy are familiar with the fact that in essence there is almost no case for having only one absolute thru. As a people-oriented strategy, Social-capitalism is aware of the differences between civilizations and nations. Thus, policies that function well in one place must be changed to fit other places.

#### **4.3 Social-capitalism Combines Alternatives Icons & Symbols**

This is another feature that characterizes the Social-capitalist movement. It rejects

"the tyranny of the term 'or'," and promotes the wisdom of integrating contradicting modes. In the uncertain and changing conditions of today, there is no given known solution and many ways may lead toward the desired destination.

The above approach well reflects the Author's deep faith in private creativity, execution by team work and collaborative cooperation. Usually most important and meaningful initiatives, begins by devoted individuals but further they require social support for proceeding and flourishing. In Science, and Technology, like in Arts and Busyness, healthy and prosperous societies rest on fruitful cooperation and permanent honest feedback created between individuals and the general public.

The former capitalist personal values were analyzed by the Social-capitalist paradigm and new fresh meanings was given to the following ones:

- 1. Solitary and Togetherness.**
- 2. Competition and Cooperation.**

Additionally, Citizens - Governments relationships are also quite complicated and demand substantial change. Consequently the following topics were reformed for suiting the Social-capitalist strategy:

- 3. Government's Involvement in the Economy**
- 4. Public – Private Partnership (PPP)**
- 5. Free Market" and Administrative Regulation**
- 6. Local and Global Considerations**
- 7. People-Oriented Banking System**
- 8. Fair Capital–Labor Equilibrium.**

It is beyond the scope of this paper to provide a wider, longer and more comprehensive analysis of the proposed Social-capitalist Strategy. Such a study will be

executed in another designated manuscript. At this point, as promised, we turn to conclude the presentation with some words about **Leadership**.

### 5. Proficient and Competent Leadership

Common wisdom tells that 'the pudding's taste is determined by its eaters' rather than by its cooks. Frequently cooks tend to negate such a declaration because they claim that only cooks are professionally equipped for making such a decision. However, business and behavioral studies firmly teach that customers and consumers are those who usually make the final decision. Similarly, the meaning of ideas, values and theories are frequently determined by their impact on the real world. Human life rests and directed in many cases by practical matters and implementation considerations.

Another significant distinction that characterizes leadership is its strong link and associating with people. Whereas managing, directing or arranging refer to things or events, **Leadership deals with human beings**. Although it is connected, motivated and inspired by people, **it mainly stimulates and moves them forward**.

**Moshes**, one of the greatest leaders of the past, was chosen by God, after he saw Moshes cautiously nurturing a newborn lamb. God supported his choosing by arguing that "The one who is so sensitive for taking care of a young lamb, could be an excellent shepherd and would be a great leader of my people."

Thus, implementing the Social-capitalist program is also a significant undertaking that requires the use of concentrated

effort of proficient and competent sense of leadership. A rule of thumb shows that it is not enough to be smart and to have great ideas, what is needed more, is a **leading ability and skill of convincing fellow people to adopt the idea and to act accordingly**.

**Leaders must be optimistic**. One cannot lead others to attain appealing goals without strongly believing in the feasibility of such an undertaking. **Matt Ridley** (2010) in his book "**The Rational Optimist**" well indicate how along modern history pessimists always missed the point and fail to foresee the future. The author, as a born rational optimist, also believes that within 10-15 years the above Social-capitalist program will lead the world, and will establish a renewed dynamic Labor-Capital equilibrium for the best interest of all parties.

**Leaders must "Set an Example"** and should strive to be a "**Role Model**". Since leadership means having an ability to motivate and inspiring human beings, leaders must permanently cultivate and substantially improve their ability. Unfortunately, as much as the world becomes more confused and irritated so is it harder to lead people. When economic conditions grow harder and poverty expands, more and more citizens become insecure and lose their confidence in their leaders and Government.

Western Democracies face at present many political challenges. As mentioned, both economic recession and terror threats currently intimidate people and nations. Only nations that will embrace a worthy leadership would be able to resolve positively these perils.



## 6. Conclusions

The second decade of the 21st Century is a confused period. The World is full with examples of mal-doings, skirmishes, guerillas' conflicts, terrorists' threats, political struggles and economic downfalls. A pessimistic viewer would easily describes the situation as "the clash of civilizations." Since the Author rejects such a pessimistic outlook he proposes hereafter a more optimistic approach – **the Social-capitalist strategy**. The given concept

combines, reshapes and reforms positive ideas from the older two ideologies and proposes a renewed comprehensive mode of operation, which aimed to enable better civilized life. The novel strategy puts the well-being of both the single individual and the surrounding society at the center of its operations. Creative initiative balanced by social responsibility should be the engine of future developments. **Proficient and competent leadership** is required for carrying out and implementing the proposed strategy.

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The interviews below, were initiated, carried out and published in February 2015 by the Israeli newspaper "Calcalist" (The economist). The information on the interviewees was imported from Wikipedia, the free encyclopedia

**Suzanne Berger**

A Professor of Political Science. Focuses on politics and globalization. She recently co-chaired the MIT Production in the Innovation Economy project. She created the MIT International Science and Technology Initiatives and directs its MIT-France program.

**Didier Borowski**

Co-Head of Strategy and Economic Research and Investment Management chez Amundi, Paris, France

**Branko Milanovic** (born 1953) is a Serbian-American economist and a development and inequality specialist. He is since January 2014 visiting presidential professor at City University of New York Graduate Center and an affiliated senior scholar at the Luxembourg Income Study (LIS).

**Andrew Michael Spence** (born 1943), is an American economist and recipient of the 2001 Nobel Memorial Prize in Economic Sciences, along with George Akerlof and Joseph E. Stiglitz, for their work on the dynamics of information flows and market development.

**Felix Zulauf**; born 1950, is the owner and president of Zulauf Asset Management,[1] a Zug, Switzerland-based hedge fund, which he founded in 1990.[2] Zulauf Asset Management has \$1.7 billion assets under management, according to MacroAxis.[3] Zulauf has been a regular member of the Barron's Roundtable for more than 20 years.