

## Think Ahead – Season 3

### Episode 6 – How influence really works in modern leadership

Sergei Guriev [00:00:08.080]

Welcome to Think Ahead, the podcast from London Business School that brings you cutting-edge research and real-world insights to help business leaders navigate today's most pressing challenges. I'm Sergei Guriev, Professor of Economics and Dean at London Business School. Today, we are exploring the hidden dynamics of leadership power, why influence matters more than ever, and how authority and dominance shape outcomes in times of uncertainty and crisis. I'm joined by two exceptional guests, Niro Sivanathan, Professor of Organisational Behaviour at London Business School, and Diana Torres, a global senior executive with extensive experience in corporate strategy and transformation and an LBS alumna. Niro, Diana, welcome to Think Ahead.

Niro Sivanathan [00:00:53.640]

Pleasure to be here.

Diana Torres [00:00:54.680]

Thank you.

Sergei Guriev [00:00:55.680]

So today, we are going to talk about the role of leaders in today's uncertain and complex environment. Some people would say it's even a time of crisis or even multiple crises. Niro, you've done research on the importance of leadership styles, in particular, dominant leaders in times of crisis. Can you tell us more about this research, how you measure leadership styles, and why leadership styles matter in different environments to a different degree?

Niro Sivanathan [00:01:21.960]

Yes, sure, happy to do that. So just to give some context, I think for the last 20 years or so, I've been interested in how individuals rise through rank. So what motivates people to strive

for status, gain influence within organisations. One paper that I think is relevant to your question is one that was done across a multitude of countries, about 69 countries, a little bit over 140,000 people spanning about a 20-year window. What we find is that when there is an increased level of economic uncertainty, so things that are measured by objective data, such as unemployment rate, poverty rate, housing vacancy rate, what we see is a significant increase in the appeal of dominant leaders. And when I say dominant leaders, these are individuals who have a tendency to be very assertive, very controlling. They tend to make very unilateral decisions. Sometimes they lead through coercion, control, at the very end, almost borderline, narcissistic. And as you mentioned, I think why this is so incredibly important these days is I think we're living in a time of several layers of uncertainty and crisis. Everything from global tariffs, which have all sorts of impact on supply chains that still continue to reverberate, to rapid changes in AI that are certainly impacting businesses, changing markets, changing industries, certainly impacting education. And then you also have sort of this omnipresent crisis of climate change. So layered on all of this, this then presents almost a perfect storm where individuals, both within teams, within organisations, and larger societies, will find themselves wanting to seek out these dominant leaders. So that's been an area that interested me. And also some of the knock-on consequences that I'm sure we could discuss.

Sergei Guriev [00:03:31.480]

We will because the time is very uncertain, as you rightly said today, so there will probably be an update to your research. But we'll also talk about the dark side of dominant leadership. Sometimes these leaders are very effective, sometimes less effective. And I'm turning to Diana, you, Diana, have led transformations in businesses across industries, automotive, financial now at Teneo. What would you say about the role of power dominance in the corporate world?

Diana Torres [00:04:00.720]

I think that there is one thing is very interesting out of Niro's research, and it is, if you look, they underline what people really want when there is crisis and transformation, is that vision. It's to have someone to really take them to what we are going to do because there is so much uncertainty that just having everyone giving an opinion on where we want to do, to go, doesn't work out. I think that is the reason why people tend to go towards dominant leaders, because you need vision. Now, the personalities, and I think that this is something that we will— if you need to be a narcissist in order to do that, I don't think so. I think that in

today's world, there are three things that you definitely need to do. And I have done corporate turnarounds globally. One, you need that vision. So you need a leader that is able to step in very quickly and say to the team, "This is where we are going." Because that is the first thing that the teams need to know to stabilise. The second is to give some guidance on what are the key focus areas. Because in a world, when there is so much uncertainty, you also need focus. And a lot of times, I say this to people, like strategy, if you tell me that you want to do everything, there is no strategy. A strategy at some point, you have to let go of some things. And it's very difficult for leaders sometimes to accept that yes, I have to not enter into that market. I have to reduce my workforce. I have to — like those tough decisions. But if you focus, like these are the three key, and I always call it the power of three, because I say to people like, just coming to a maximum of three things is very difficult. Very, very difficult. And last but not least is how then you empower people to deliver. Because at the end of the day, you can have this beautiful strategy, but everything is down to execution. And you as a leader, you don't execute. In reality, who executes are all the people that you need to motivate to believe that these things that you are putting together will work, and then just go and do that. So sustainable transformations, what I have seen in my career, and this word is very important because you can turn around a company very quickly, but not necessarily sustainably. Two years later, they go back to the same trouble. To do it sustainably, you need to empower people. They need to believe in that vision. And they are the ones that need to then start to drive those behaviours, to drive the new way of doing things, etc., in order to make it sustainable.

Sergei Guriev [00:06:54.840]

Thank you, Diana. Before going into the execution, empowerment of your team to deliver on the vision, I would like to go back to the vision itself, to the strategy. Because I mentioned that it's not only the time of uncertainty today, it's also a time of complexity. And it's very hard to imagine that one person can provide answers to all questions around the company. Which units to spin off, which markets to enter, which activities to stop, right? You said that strategy is about focusing. Can one person immediately provide answers to those questions? We tend to remember those who actually made it, rather than those who failed. So we seem to have this bias, survivorship bias, that people who call the right shots seem to be very good examples. They have a vision, and this vision works. We don't have that much analysis of people who call the wrong shots. My understanding is today you need more support, not just on executing the strategy, but also on choosing the vision and the strategy. And this is where, as Niro said, dominant leaders are less likely to deliver because they dictate the vision rather than bringing people to formulate the vision. Before we go to

the execution, I would like to raise this question of information, feedback, ideas, how dominant leaders are good or not good for this. Niro, what would you say?

Diana Torres [00:08:19.200]

Just I think that this also depends on the timeline, because when you just are in the brink of collapse, you really need someone to just drive the decision. And I will say that even if you look historically, these dominant leaderships are the ones that are able to call the shots in really high-stake situations when you really are going to either break it or make it. After that, because there are key decisions that you need to do just to get afloat, then there are key decisions that you need to make when you get a little bit more time to figure out how to grow and what is the best way to make that sustainable. And it's interesting because I really think that the leaders that are not able to then switch, because sometimes as a leader, you have to have both personalities, to switch that in the middle and realise, okay, now we are above the water for a while. So as a team, where are we going to have the biggest opportunities and focus? Because the reality is for the majority of leaders it's impossible that you know everything. And this is the reason why you always have a team and you have to empower a team, because if you don't have that ability to listen to them, and I have seen it in all in my years of experience, every time, in one of my previous companies, I did eight different jobs in 13 years. So I was changing jobs every year and a half. And someone was asking me, oh, so you are always coming with a team with you. And I'm like, no, no, no, I just come and I just have to work with the team that is there. Because at the end of the day, I will go away and they will have to make sure that things continue running. Because if you start to make transformation of companies to depend on you, I don't think that that is good leadership. Because someone won't say that leadership is not about you. It's about empowering other people so that things that you do remain, even when you are not there. And I think that that is the most important thing for me. When I look really, and again, I come back to the word sustainable, turnarounds and sustainable growth.

Sergei Guriev [00:10:36.400]

Niro?

Niro Sivanathan [00:10:37.560]

Yes, so there are several things I think, mentioned by Diana, and also, Sergei, that sort of resonates with the research. So let me just try and cover off them. So one of them,

obviously, is survivorship. We remember the leaders that went on to do great things. And that's with lots of things. That's for someone who studies decision making, it's a very common bias. We remember the sports teams that did the unthinkable, but don't recall the number of times that play never actually panned out. And so there's a confluence of reasons why this happens during crisis, why we seek out dominant leaders. My roots are in psychology. So my co-authors and I really care about what is the psychological underpinning. And the one that both resonates, but also the data certainly support is this idea of compensatory control. So when there's crises, there's uncertainty, what it does to an individual is you feel like you have a lack of control. And lack of control is an incredibly, incredibly aversive psychological state. It is a fundamental human motive to have control. And so what do we do? We seek out ways to try and regain that control. There's lots of ways to do it. But however, if you don't have the resources, whether personal or otherwise, to regain control, what do you do? You look to others or other sources to provide that sense of control. And that could come from spiritual sources. But it could also come from other individuals, such as leaders. And so when someone steps up and says, I have a clear vision, is assertive, has a clear outlook of where they're headed. They believe that they have the ability to control and guide, if you will, the ship to safety. That is an individual people inherently are motivated to give some of their autonomy to over in hopes that they're able to provide that control. So whenever we lack this control, inherently, we drive towards individuals who either show the confidence or the assertiveness that they'll be able to grant us that control. And so it's a bit of a paradox. You give up autonomy in hopes that someone else will make things better for you. And again, it's not that you have control, but you believe that it'll be attained through proxy of a leader. Now to the earlier comment, it's not very rational or could be argued it's not rational, but, Sergei, it's deeply human. And I think that's the bit that presents this interesting riddle. And Diana mentioned this, I think timing matters immensely, right? There are certain moments where you do need an individual to make those quick decisions, have a vision, whether right or wrong, provide a map to where the group and the team needs to lead. Ben Horowitz, the popular VC, has this idea of wartime CEOs and peacetime CEOs. And you could think of these founders that enter new markets, they want to disrupt, they're a bull in a china shop and they know clearly what they want to do, et cetera. Those are oftentimes not the founders. When the company's grown, it's scaled, it's found its market share, you need sort of peacetime CEOs. And so there's very much this idea of timing around when dominance is sought after, which is really driven by other individuals, at least in the work we've looked at. But also another question of when are they effective? And that's where timing comes in. And in many ways, this wartime/ peacetime CEO really harks back to the old wartime presidents and peacetime presidents. So there's lots of writings on, like, Abraham Lincoln during the Civil War, he took some very unilateral decisions, And a lot of the writings that have been since

written have suggested those were the types of decisions that were needed in order to protect the State of the Union and the safety of the Union. Here in Britain, Winston Churchill is often brought up as this dominant leader, almost autocratic in the decisions that were made. But those decisions were very critical towards the safety of Britain. And you contrast that to Eisenhower, who led during the 1950s, post-war, a time of prosperity, at least economic prosperity and peacetime led through consensus, through allowing others to make decisions, etc. Or even Bill Clinton in the '90s, for the most part would be considered a relatively stable and if not economically prosperous time, led through collaboration. So I think there's some tension here between why do we seek out dominant leaders? And then there's a second question, obviously, of the effectiveness of them. And to a very large extent, it is contingent on what is the context within which these leaders are operating and the timing at which such behaviour is required.

Diana Torres [00:15:48.778]

I also think that nowadays, if you want to be a strong leader, you need to manage that duality of personality, because you cannot be one or the other. And in reality, sometimes you will need to be very dominant, strict, like this is where we are. But sometimes you also need to be more, let's say, empathetic, looking for consensus, etc. Because the time that we are living in now is also slightly different, even in terms of generations. And we were discussing this earlier on with Niro, that when we look probably at the past, not only the conditions were not as volatile, but then when you look at the team — people that execute who are working with you. It was a generation that was quite similar. Today, you have very different generations in the workplace that you need to engage in order for them to help you to execute. And that, I think, that brings another dynamic as well. If you want to be dominant all the time, I think that in reality, this command and control will not sit well with new generations. It's just a different way that they are thinking through and going into the market. So this is the reason why I think that nowadays for us as leaders, it's just a very interesting time when we need to learn how to navigate and be able to adapt the style if you really want to move around a company, transform a company.

Sergei Guriev [00:17:25.800]

Yes, I guess that speaks to Niro's point about the value of preserving or giving up autonomy, that some generations value differently. And therefore, if you have a different composition of your team, you may actually change your leadership style. But I would like to come back to this point of wartime CEOs turning into peacetime CEOs. You are saying that the same

individual should be both, which sometimes is hard. Now, Niro was talking about how in wartime, you have a wartime president, in peacetime, emergency powers are lifted. We have a peacetime president. Usually in politics, it's quite clear whether it's war or peace, even though, as we speak, in some countries, Supreme Courts are actually trying to decide whether the president was correct introducing emergency powers, requiring emergency powers to introduce tariffs, for example. But in the corporate world, it's even harder. Are we above the water? Do we move towards a situation where we can actually listen rather than dictate? So this is an issue where, of course, wartime CEOs often overstay their welcome and the wartime identity, or half of your identity, which is the wartime CEO, the command and control CEO, also instinctively wants to stay in the driving seat rather than giving the steering wheel to the peacetime part of your identity, right? So these issues are very complex. It's very hard to see when you need to shift from one style of leadership to another one. And my question is, what is indeed the cost of having a command and control leadership style, when it's already a peacetime era in the company's development? What are the dark sides of command and control dominant leaders, if they overstay their welcome?

Niro Sivanathan [00:19:18.960]

I think one thing to note is I think this idea of sort of dominance, or the counterpart, at least in the academic circles, is this idea of prestige leaders, right? Which is someone who is more collaborative, that has competence, expertise, freely shares that expertise. And I think, at least, it's important to know that there are not ends of a continuum, but rather sort of orthogonal constructs. So you could potentially be both dominant, but also more collaborative or prestige-oriented leaders. I think that the switch within an individual is very difficult for, I think, contextual factors, but also individual factors. I think it's often difficult for a wartime CEO to drop his tools and become a more peacetime CEO. And that's one, there could be a mismatch in skill set. And we, I think, as individuals have a tendency to move towards — we play to our strengths, we're rewarded on those strengths. And so as a result, that's your home base. It is very difficult to then transition to something that violates your identity or requires a different skill set. My colleague, Herminia, does career transitions, and those are incredibly difficult to make. But transitions, psychologically, internally, are also very difficult. The other also is, I think, the expectations. I think you alluded to this. I think if you've seen someone be more forceful and more directive, and then you show up Monday, and they switch to being, what do you think, Diana, about this decision? I'd like you to go off and make it. It might seem a little bit jarring. I think the last bit you mentioned was this tension of who determines is it wartime or not? And what is the

state of emergency? Because you could also imagine situations where you yourself create that urgency, or suggest that we are in a tough situation. And that could be done for very good reasons, or potentially nefarious reasons, because it allows you to stay in that position to say, I'm the one that's going to help you navigate these storms. The literature on this has not been — at least certainly in the dominance and prestige literature, there's been some work now looking into this. The closest thing would be in the leadership literature about situation leaders, who are able to adapt. I haven't seen great data to suggest at the individual level, there are folks that can navigate this in a consistent manner. And I think the anecdotal evidence you get is once again, open to the survivorship bias.

Sergei Guriev [00:22:07.320]

Diana, what do you think?

Diana Torres [00:22:09.560]

So just going back to your question, what is the downfall that I see on command and control, if you take that for too long, when you don't need it anymore? I think that one big one is you lose innovation. Because at the end of the day, one person cannot really understand everything that is going on. And I think that that is a key point. Because if people don't feel the psychological safety to start challenging some of those decisions, and then in the corporate world, there are also many examples. When people stay in power way too long, then people, even though they know that the decisions are no good, do not challenge anymore, and everything goes down, and then the level of innovation is completely stagnant. And I think that that is something that nowadays, in many industries, innovation is going to really determine if you are going to be here in the next three to five years. And that, for me, is the main downfall that I see, or have seen in the corporate world, when there is too much command and control for too long. So you lose the innovation edge, you lose this ability to think outside the box and then having people bring in new ideas and what are we going to do about this, about that. So you start to lose the engine of growth. Because at the end of the day, if you have a very stable business and you're in peace, war, yes, maybe you can, but then you become very complacent as well. And then all your strategy and everything becomes on what you as a leader know. And let's be very honest, with the pace of change that is happening in the world, I think that it's quite selfish to think that one individual will be able to really predict and figure out very quickly how to navigate all the changes around. So I think that is the first issue that I see. I think that going back to Niro's point, yes, it's very difficult, but I think that companies that manage to have

that type of individuals, then will have a competitive advantage, because I come back now to the command and control. The other piece is lack of innovation, but then succession plan, because this is the other thing that happens, right? Again, if you have this leader that holds everything and something happened to this leader, then the company is completely lost again. You cannot afford that anymore. In the world that we are in today, you really need to have a bench of people that could at some point take over. And I think that when you have a leadership style that is more collaborative, people start to learn more about those leadership traits, about the presence that you need to have, about how to stand up in front of others and be able to show that even if you are collaborative, you can command a certain dominance in a room, that will probably be easier to do if you have the collaborative type of leader, than if you have the command and control type of leader.

Sergei Guriev [00:25:21.920]

It's very hard for leaders to transition from command and control to an innovation-inducing leadership style. And indeed, for innovation, command and control probably is not the best model. You cannot force people to innovate. You need to empower them to innovate. And the same actually is true at the level of countries. This year, the Nobel Prize was given to, among others, to Philippe Aghion, who's worked on the theory of creative destruction. And basically, one of the implications of the theory is when you are a low-income country, you are very far from a productivity frontier. You can copy other people's technology, other countries' technologies. So you're kind of a wartime CEO, command and control is good. You need to invest a lot. But when you get to the middle level of development, now you're closer to frontiers, and you need to innovate yourself. And you need a different set of institutions, competition, decentralisation, innovation. And some countries don't switch, because the incumbents hold on and overstay their welcome. And these countries get stuck in the middle-income trap. Together with Philippe, we actually wrote a paper about South Korea, which was facing this risk in the 1990s. But it was, if anything, lucky to have a crisis, an Asian crisis, undermined the credibility of the old system and helped Korea to change the economic model and become an innovation-based, knowledge-based economy. And in that sense, countries can reinvent themselves through changing leadership. But of course, if you're an individual, as Niro said, it's very hard to reinvent yourself. So my question is, indeed, do we have ideas without careful succession planning that sometimes doesn't work? Niro, what would be your advice to leaders on how to address this issue of transition between a war-timer and a peace-timer?

Niro Sivanathan [00:27:08.360]

Yes, it's a great question. So in fact, let me just sort of go back to Diana's earlier comment as well. You do get these one-off examples. So I think Satya Nadella is an example where I think, when he came in, Microsoft certainly was fine, but not necessarily at the apex of tech companies. I think they had some internal issues, etc. And this was an individual that wouldn't be classed as a dominant leader, if anything, he is what you would say is a prestige leader, someone who had a great amount of competence, but one that was willing to share that knowledge and in many ways transform the culture at Microsoft, right? So this idea that there used to be a know-it-all culture to this idea of learn-it-all, right? That it's okay to say you don't know the answers, but here are the resources. Here's the folks that you would need to collaborate with, work with, such that you could grow and learn together. So you do have these anecdotal elements of people coming in and transitioning. Now, I think your inherent question is what if there is now an external shock, right? Where, I don't know, Azure is in a lot of trouble. Is he perhaps the right CEO? I think having succession planning helps. Oftentimes, we don't know what the crisis is. And I think, you know, you only need to look at somewhere in December 2019 or 2020 to know that it's oftentimes unpredictable. It's unclear who the right individual, that would be the right recipe, if you will, to help you navigate it. Excuse me. I think, obviously, organisations that have a clear succession plan around who are these other individuals who might actually share some of that knowledge, who have the competence and the skill set to pass that on under potential threats, certainly, would help. I think the answer I think you're hoping for, and sadly, I don't really have from a data perspective, is there isn't some sort of green pill or blue pill that one takes that allows you to shift back and forth. And also, there's history within that individual as well. So oftentimes, what got you somewhere might not be what's needed to get you somewhere else. So I think any sort of tangible solution would be a structural one around succession planning and having contingencies and potentially committees that could sort of step in in moments of crisis. And oftentimes, there in that moment of crisis, people have a hard time passing responsibility off to the right individual. And precisely for the elements that you mentioned, they've gotten comfortable in that role. They've been rewarded for their past behaviours. It is very hard to shift away when the situation changes. And oftentimes, we're not very good at noticing changes in our environment, right? And so there's a confluence of factors that conspire to make that transition very difficult.

Diana Torres [00:30:23.240]

And I think that I'd like to take one of the words that you mentioned, it's culture. When you talk about Microsoft, that he created this culture because this is, I think, a key factor that people don't realise also in companies. One thing is the culture that is in your, oh, this is how we behave. But in reality, the culture of the company is how leaders behave under a lot of pressure. That is the reality of the culture of the company. And when you have had, for so long a certain type of leaders, they have shaped the culture of that whole organisation in such a way. And I come back to when I have seen it as well, when it's too much command and control, people start to just be, okay, complacent, I'll just do my job. That's it. No one will listen. It's fine. So I think that in the world that we are living in today it's also very important for leaders to understand what is really the underlying culture that has been created in the past, in this organisation. And if we are talking about being innovative but I'm portraying as a dominant leader that we need to do this, this, and this, then you're just going against what you are looking for. So I think in the times that we have today, it's also quite complex for leaders to really understand not only when is the time to try to do a different switch, but if you have already or are managing a team that already has a very strong culture, you probably also need to inject into the team certain people that will allow you to start changing things. And I have done this in some of the transformations. It is not a very nice name, but I say the sandwich strategy. Yes, you push from the top, then you inject new people at the bottom that squeezes the middle to try to get a transformation. But I have seen it work.

Sergei Guriev [00:32:31.000]

I would draw a conclusion that things are complicated. It depends – depends on timing, depends on context, depends on history. And yet, at the end of each podcast, I ask a question where I want you to answer with one or maybe two sentences. And of course, today, the signature question is simply: thinking ahead, how should business leaders balance dominant and inclusive leadership to create resilience in the coming years? Niro, one sentence answer.

Niro Sivanathan [00:33:04.720]

One sentence. I would lead through transparency, especially at a time of crises, what people care about isn't necessarily always the outcome or the decision, but what was the rationale and the process behind it. And I think you can never communicate enough during crises. And if you're going to communicate, at least highlight why it is that you made, it's

oftentimes trade-offs. They might not agree with the decision. They're far more likely to trust it if you provided the why.

Sergei Guriev [00:33:35.920]

Thank you, Niro. Diana?

Diana Torres [00:33:38.000]

The key competitive advantage is going to be trust. And you only gain trust when the team sees that you as a leader stand up when mistakes are made. And when you say, okay, it's okay to fail, let's recover faster. And I think that is going to be key because not all leaders want to be accountable when mistakes are made. They prefer to just take the glory when things are good. But that is that is the big thing that is going to make the difference.

Sergei Guriev [00:34:09.440]

Thank you very much, Diana. Thank you very much, Niro. And thank you, our audience for joining us on this episode of Think Ahead with Niro and Diana. We have explored why leadership styles matter more than ever today and how leaders can balance dominant leadership versus inclusive leadership in these times of uncertainty and complexity. Share your thoughts using #Think Ahead, and please visit [London.edu/think](https://london.edu/think) for more insights from our faculty and global business leaders. Don't forget to subscribe so you never miss an episode. And until next time, please keep thinking ahead.