Middle-East
JOURNAL OF BUSINESS

With a focus on Ethical and Sustainable Business

Editorial

Business

Society

From the Editor - Leadership and the 'Age of Consequences'*

The Fearless Girl

Sculpture outside the New York Stock Exchange, Wall Street, New York City

*'The Age of Consequences.' Documentary/News, 27 January 2017. Jarred P. Scott

The above image is a sculpture that reflects our theme this issue. It is called "Fearless girl" and she has been erected (temporarily) outside the New York Stock exchange, Wall Street, New York City.

Presumably she is standing her ground in the face of the corporate world, represented by the pre-existing 'bull' sculpture. While some small percentage of business is morally bankrupt, especially those taking non renewable earth's resources for their own personal profit, those willfully destroying the planet's ecosystems and people's lives and those polluting the environment, at least these companies are subject to market forces and consumer bias, i.e. 'the fearless girl', and the unconscionable corporation should also be tempered by the various national governments' consideration for the lives of their citizens.

Our current dilemma, in an era of great crisis called 'The Age of Consequences' when we are facing our collective destruction, is not so much corporate leadership (many corporate leaders are fine global citizens) but national/political leadership. Collectively the majority of these, and their sycophants and partners in crime, have, since man greedily started murdering and subjugating his fellow man and stealing his property and land, been the most awful people ever to walk the earth. History abounds with mass murdering leaders - Vlad the Impaler, Ivan the Terrible, Pol Pot, Idi Amin, Adolf Hitler, Nicolaus Ceausescu, to name only a few. Out of diplomacy only do I not present the long list of current offenders.

Once there was no thought of having enlightened benign leaders, who actually led – rather historically, and again of recent times, they have too often been dictators, despots, torturers, mass murderers, rapists, abusers, thieves, bigots, liars, psychopaths and the endless list of iniquities.

A good leader serves all the people, a good leader heals divisions in society and brings out the best in people, a good leader plans ahead and forestalls disasters and makes the tough decisions to benefit all society.

Is the dilemma that 'power corrupts and absolute power corrupts absolutely'? I think not; it is the sort of people who seek power in the first place and far too often to progress themselves financially and indulge their own whims. Since the mid 1900's when the world was still trying to improve people's lives (introducing women's and children's rights, corporate responsibility, trade unions, improved working conditions, maximum working hours, etc.) we have found world leaders sinking back into corruption and barbarity. The Middle East particularly has seen endless and mostly bizarre conflicts where the world's most awful play their war games and spend big on the business of war (trial their weapons, use their stockpiles of chemical weapons, play out their own prejudices and bigotry).

Judged on the same criminal justice system as ordinary people face, the majority of our leaders would be in jail, and judged on religious values the same majority would be destined 'for eternal incarceration in hell'. The world's leaders have arguably caused, by deliberate acts, or by total apathy, incompetence and ineptitude, all of our current problems - refugees, poverty, inequity, wars, genocide, torture, famines, epidemics, gross pollution, female and child sexual assault and torture, epidemic youth suicide, mass extinction of other species and the very life force of an entire planet. The time has long past that these criminals and fools in our midst should be tolerated and we must urgently look for a new system.

The Paris Climate Agreement of 2016, was a rare show of human solidarity and wisdom, a global step in the right direction, a step where all countries recognised the problem of climate change and agreed to do something about it. The stupid argument as to whether 'humans caused it' or not is totally irrelevant and bankrupt – if it needs fixing we need to fix it. We try to circumvent other natural or manmade disasters – rather the argument is used by profligates to further delay the necessary and to allow leaders and their cronies and goons to 'take a bit more while they can'. Those who walk around with their eyes and hearts open know we urgently need, like the fearless girl, to stand up to these monstrosities if we are to collectively survive.

Lesley Pocock,
Chief Editor and Publisher:
Middle East Journal of Business
medi+WORLD International
Email: lesleypocock@mediworld.com.au

WASTA: The Good, The Bad and The Ugly

Ameen Ali Talib

Correspondence:
Ameen Ali Talib Phd
Head, Applied Projects
School of Business
SIM University,
Singapore
Phone: +65-90111271
Email: ameentalib@unisim.edu.sg

Abstract

Wasta is an important determinant of how economic activities are organized and resources are allocated in Middle Eastern societies, yet economists, even those who specialize in work related to the Middle East, have not (sufficiently) addressed the issue of wasta (Barnet et al 2013).

Wasta is a concept that has traditionally been present in (tribal) Middle East for mainly mediation purposes. Wasta has evolved over time and wasta (objective) has changed from defusing tribal conflicts to acquiring economic wealth. Wasta has a positive side (humanizing the bureaucracy) but also serves as an "affirmative action for the advantaged" which has the effect of entrenching the haves and excluding the have-nots.

State capture is the ugly side of Wasta! Figure 4 depicts the situation where Wasta becomes not only an entrance ticket to the 'power circle' but also acts as a barrier to entry. Wasta acts as a gate-keeper. Wasta is used to block entry to those not in support of the power circle incumbents. Those granted entry have to reciprocate with loyalty. The circle becomes filled with family members, friends and cronies. It becomes an Inner circle and as opportunities of entry decline, it becomes closed to outsiders.

Barnet et al (2013) addressed possible reasons for the evolution of wasta and posit rationales for its use in these societies. In this paper we put forward possible consequences and hope further research and academic discourse can help us better understand possible and wider consequences.

Key words: Wasta, Middle East, State capture meritocracy

Introduction

Wasta is an important determinant of how economic activities are organized and resources are allocated in Middle Eastern societies, yet economists, even those who specialize in work related to the Middle East, have not (sufficiently) addressed the issue of wasta (Barnet et al 2013). Wasta is a fixture of everyday life in the Middle East. Indeed, as Meles (2007, 16) notes "Wasta [now] has become a right and expectation" in Arab societies.

Much of the discussion of wasta in the current literature characterizes the practice as nepotism or corruption (Loewe et al. 2008 and Mohamed and Hamdy, 2008). However, wasta is not seen, at least not uniformly, as a form of corruption within most Middle Eastern societies. It is embedded in the social fabric of Middle Eastern society and is practiced openly, without apparent shame, remorse or guilt.

Wasta in the workplace often means Nepotism or cronyism. Nepotism is where an employee makes decisions affecting a close relative. Cronyism describes relationships existing among mutual acquaintances in private organizations where business, business information, and social interaction are exchanged among influential personnel. This is often termed crony capitalism.

The social and economic cost of cronyism are paid by society. Those costs are in the form of reduced business opportunity for the majority of the population, reduced competition in the market place, inflated consumer goods prices, reduced economic performance, inefficient business investment cycles, reduced motivation in affected organizations, and the diminution of economically productive activity. Cronyism is self-perpetuating; cronyism then begets a culture of cronyism.

Wasta in the Middle East

Traditionally, wasta was used as a means of mediation between families to resolve conflict. The head of the family, tribe or clan acted as the waseet (middleman) to mediate and adjudicate within the tribal group and to negotiate points of conflict with other tribal groups. In so doing, the wasta helped solidify and maintain the unity, integrity, and status of the tribal group within the broader society (Al-Ramahi, 2008).

In time, wasta evolved into a means of intercession. Emphasis shifted from preserving and enhancing the status of the tribe to furthering the interests of the individuals who comprise the tribal group. This movement from collective to individual benefit seems to be a relatively modern innovation that occurred as globalization and greater competitiveness in the work environment imposed new stresses on Arab societies (Bellow, 2003).

Wasta is a concept that has traditionally been present in (tribal) Middle East for mainly mediation purposes. Wasta has evolved over time and wasta (objective) has changed from defusing tribal conflicts to acquiring economic wealth. Wasta has a positive side (humanizing the bureaucracy) but also serves as an "affirmative action for the advantaged" which has the effect of entrenching the haves and excluding the have-nots.

Intermediary wasta has a long and honorable history. In a tribal setting, wasta mediation binds families and communities for peace and well-being in a hostile environment. This face of wasta benefits society as a whole, as well as the parties involved.

Intercessory wasta involves a protagonist intervening on behalf of a client to obtain an advantage for the client - a job, a government document, a tax reduction, admission to a prestigious university. Many individuals, supported by their wasta backers, may be seeking the same benefit. When the seekers of a benefit are many and the opportunities are few, only aspirants with the strongest wasta are successful. Succeeding or failing depends on the power of the wasta more than on the merits of the seekers.

Intercessory wasta can be seen as anti-meritocracy and angers unsuccessful candidates who have outstanding credentials. It can also create an environment that is wasta-dependent and in particular a wasta dependencies are among those less capable but have the right connection and/or the wealth to obtain the wasta. Competition for positions and resources increases the importance of intercessory wasta. Inevitably wasta does lead to nepotism and especially family/tribal nepotism and ethnic nepotism.

.

Can Wasta be good?

The question is can nepotism and/or Wasta ever be beneficial? An explanation for wasta existence in the Middle East is the tribal nature of society and Assabiyah. Some scholars believe Assabiyah is a social cohesion which comes from group members' promises to do something together and to complete their shared tasks to reach the aim or goal. Assabiyah is an Arabic term which means societal solidarity or unity and also refers to tribe or clan movement (Mahdy 1957).

Members of a tribe/clan have moral responsibility towards the other members of the clan. Traditionally behavior of clan members (especially among themselves) was influenced by an unwritten code of conduct that is understood by clan members and respected by them. Any clan member who deviates from the code of conduct was frowned upon and brought "shame" to his immediate family. A part of the code of conduct was protecting and helping clan members. Another part is the expected loyalty to the clan and the trust between clan members. Betrayal of the trust was a major infringement of the code of conduct. Society therefore evolved to be communal more than individualist. One was expected to have a sense of duty towards clan members (relatives) and expected loyalty and trust from the clan members.

Owner managed businesses had no moral hazard or ethical issues in deciding who to hire. Furthermore, the business owners tended to perform their social responsibilities (and tribal Assabiyah) through their businesses. A business owner is expected to hire his/her relatives. Another aspect of owner managed businesses is the general lack of formal management control processes and the over reliance on control by observation and presence. Owner managers tend to spend long hours at the business overseeing most things and control the business by having presence across the business. By hiring a relative, owners hire a "proxy owner". Given a lack of a management process, installing employees through wasta can ensure that the business runs smoothly despite the absence of the head of the business; employees will achieve high productivity around a 'wasta- installed' employee because they psychologically replace that 'wasta-installed' employee with the boss. Staff see the relative as an extension of the owner. Modern companies where employees have 'profit share' also tend to work along these same principles – i.e. employees have a vested interest in the success of the company. To a degree these companies have adopted the successful aspects of wasta. The loyalty and trust concept in tribal/clan societies coupled with the tribal code of conduct leads the owner manager to believe they have a trusted loyal employee in the relative and expect the relative to protect the business interests over self-interest. Nepotism, therefore, can very well be conducive to owner managed family firms; due to the element of trust and shared responsibility. Furthermore, family-based recruitment system does not necessarily hinder economic effectiveness. The thriving family firms of East Asia recruit internally, depend on members of the family, and also demand competent performance (Greenhalgh 1988; Kim and Kim 1989; Winckler 1988).

The traditional tribal wasta, the shaykh, was a man of honor, whose word was his bond, who would assume responsibility for his acts. Today's wasta is too often a middle-man, treating it as a rent seeking business. Furthermore, penalties for mis-representation do not exist. The Western scourge of caveat emptor [let the buyer beware!) has crept into an honor-based system.

If we are to apply western or non-Arab concepts to Wasta, we need to relate it to "networking" and Chinese Juanxi (Hutchings and Weir 2006). The west has evolved its own code of conduct/ethics for networking and referrals. It is not uncommon for large western corporations to pay golden handshakes and high packages to attract top management not merely for their knowledge skills but also for their networking contacts. This resonances with the Arab usage of Wasta. However one should not just look to the West for guidance in solving Middle Eastern problems but search the Arab traditions for answers to current problems (Ayubi 1986; El-Taya"b 1986; Wiarda 1983). Turning wasta back to its origins and employing the wasta principle of mediation can generate both effective performance and societal harmony. However the current level of wasta "epidemic" in the Arab world has turned what was once 'good' into something that is 'bad' and even 'Ugly' in many instances.

The BAD and UGLY face of Wasta

A good business climate is characterized by low costs and low risks of doing business as well as low barriers to competition. This means that the costs and uncertainties that private firms incur when they interact with the state should be minimized and that all private firms should have equal access to government services and political decision-making. In other words: state-business relations should be efficient and fair. Economic growth is spurred by a social system that prizes fairness and effectiveness - fairness being societally determined; effectiveness governed by the market.

Many would regard "Meritocracy" as the most fair and efficient system; though there has been debate whether meritocracy creates an elite social class. Even where these criticisms are in place; the elite class in a meritocracy based society would (in most cases) be based on merit rather than 'blood linkages'. In a sense in a meritocratic society the economic capital is achieved through merit and economic capital is transformed into social capital, which then breeds more economic capital. In a society based on "Wasta", economic capital is derived from social capital; which in many cases is built through political capital and/or blood linkages.

Wasta has no regard to Meritocracy. It favours those who are well connected and marginalizes those with no connection (even if they are competent). The competent marginalized group (those with no connection) have to align themselves with the 'connected' group (those with wasta) to succeed and offer their loyalty. It might seem as effective strategy to eradicate wasta excesses from society but present leaders in the Middle East are themselves mainly a product of the wasta system and are wasta oriented; profiting from the wasta system.

They have little incentive and/or desire to correct the wasta system.

At the same time, wasta also plays an important role in politics. A small number of well-established business people have very good access to the government as well as to Parliament, which enables them to influence legislation and regulation to their benefit. Many Middle Eastern entrepreneurs occupy high political positions themselves or they have family members or good friends in the government who arrange for a favourable regulatory framework for them. In many Arab families there is often one branch that goes into big business and another branch that goes into politics.

So what are possible consequences of a wasta-based society? One possible outcome is not only loss of meritocracy but also a loss in the belief in meritocracy and haplessness for the 'large' segment of society who are not in the elite nor can afford the 'rent' sought by some of the elite; who have turned wasta into a rent-seeking asset.

Wasta in the Public Sector

In the Public sector there is a duty of care to the public interest. Positions of authority are entrusted positions; the duty of care is akin to trustee fiduciary duties. Issues of nepotism and wasta are not in the public interest. These create inner circles and a crony state. This turns social and political capital into economic capital.

Wasta in state-business relations is an abuse of public office and therefore constitutes a form of corruption. In this case, some entrepreneurs are favoured over others by the state (by its individual employees) with regards to public services and decisions. From this, we can derive two possible outcomes:

Firstly, we can assume that favouritism makes state-business relations unfair and unpredictable and thereby raises the risks of investors and the barriers to competition. Favouritism implies unequal access to public sector services, licenses, and political decision-making. Entrepreneurs with good connections benefit from this barrier to competition because they can exploit rents.

Likewise, favouritism can distort law and policy-making: entrepreneurs with good connections to parliamentarians and policy-makers can use their influence and lobby for rules that are beneficial only for themselves, while those without connections are not heard.

Secondly, widespread favouritism can induce rent-seeking activities and thereby affect private sector development. Connections become crucial to get licenses and win government tenders, business people have to build up social networks, which in turn raises the costs of their investments. In addition, they use their time and money for improving their social networks rather than their products. This rent-seeking lowers the

rate of physical investment and thereby harms the international competitiveness of the private sector.

Since wasta is the "tool" that enables entrepreneurs to extract rents by getting access to decision-makers, it is rational for them to invest time and money in building up wasta instead of investing in efficiency. Wasta becomes a business!

The Ugly side: state capture

Wasta is the preferential treatment of relatives, friends, neighbors, or other acquaintances. These relations can be established by birth (e.g. between relatives), by shared experience (e.g. between people who went to school together or who live in the same area), or by active social network building.

Reciprocity is very important for wasta, but the person who does a favour for another person does not know when and how the latter will reciprocate it. In many circumstances, the recipient of a favour does not even have to reciprocate to the donor himself. Especially in the context of family networks, he is rather expected to give back what he has received by showing solidarity to any other relative in need, which is a form of "generalized reciprocity." Hence this supports the continuous practice of wasta.

This is epitomized in the case of "abu Wahhab" as mentioned by Cunningham and Sarayah (1994):

"People in his hometown, including his family, cannot comprehend Abu Wahhab's loyalty to formal rules. Many think he was given the Personnel Director position because of his family name, not because he is qualified. He is sabotaging their interests because he should be using his position to extend favors to them. They pity him, and their luck. One of Abu Wahhab's relatives asked Shtayan to help his daughter obtain a teaching position with the Ministry of Education. When Shtayan suggested that the man should go to his relative Abu Wahhab, he lowered his head and murmured, "Allah gives meat to eat to those who have no teeth," meaning that the personnel position is a wonderful blessing, but its occupant, Abu Wahhab, does not acknowledge and use the blessing."

Intercessory wasta is the societal norm. One uses a government position to take care of relatives so that the favor will be reciprocated by another in the family at one's time of need. Family loyalty serves as insurance. Reciprocity is the basis for social relations; a government position is a resource to be exploited rather than an opportunity to serve one's country and to obtain satisfaction from a job well-done. The societal mind-set goes counter to Abu Wahhab's view of his position. By sticking to the rules Abu Wahhab is not admired, and cuts himself off from his family.

Social networks that are based on such a generalized reciprocity can foster trust and provide mutual assistance for their members. They are often referred to as social capital and seen as important assets in a society.

It is sometimes even argued that personal networks can improve the efficiency of state-business relations, because they ease the exchange of information and thereby lower transaction costs for all parties concerned. It can be efficient if wasta acts as facilitator and not a barrier to meritocracy!

Figure 1 depicts the interaction between social capital, economic capital and political capital; each influences the other. Let us call this the "Power Circle". Normally this is a circle with continuous new feeds as meritocracy is in place and opportunities available and meritocracy is the entry point.

Wasta bypasses the meritocracy and competence test. Wasta acts as direct entry gate. Wasta ; via favoritism, cronyism, nepotism or "purchased' wasta, can give access to the "power circle" (Figure 2). Wasta can help individuals to get business contracts increasing their economic capital, can get people into influential positions and so on.

In a meritocracy system, entrance to the 'Power circle" is by merit. Religious scholars would have religious capital. The intellectual and educated elite would have educational and/or intellectual capital. Other attributes such as entrepreneurial spirit, hard-work, creativity, aptitude, civic consciousness and so on would gain one economic/social/political capital. In a pure 'utopian' meritocracy based society, the elite power circle entrance would be on merit and only on merit. This is depicted in Figure 3.

Most Middle- Eastern societies are wasta-based meritocracy systems. The elite would consist of a mixture of wasta-based entrants to the power circle and meritocracy based entrants. The ratio between merit based and wasta based would vary across societies dependent on level of society development and education level. The danger lies when the wasta-based entrants' proportion expands, limiting the opportunities for merit-based entrants. Under such a scenario, the 'would-be' meritocracy based entrants will resort to wasta to gain entry. This would then encourage the rent-seeking wasta activities and increase the power of the wasta provider. How 'powerful' one's wasta is becomes more important; eventually only those in the 'power circle', and at times only a limited number of them, would have the required level of wasta to 'invite' new entrants. Wasta then not only becomes a requirement for entry but also becomes a barrier to entry; Wasta can be abused to block entry. Eventually total state capture could exist. This situation occurred in Yemen during the era of the toppled President Ali Abdullah Saleh.

Ali Abdullah Saleh had built the country's security apparatus as the bedrock of loyalty to the regime. Key military posts were awarded to members of Saleh's tribe (Sanhan), while his close relatives command important positions. Within the Ministry of Defense, Saleh's eldest son Ahmed was a colonel in charge of the Republican Guard and special forces units, half brother Gen. Ali Muhsin al-Ahmar was the Commander of the Northwestern Military Zone (in charge of the Sa'dah campaign), half-brother Brig. Gen. Ali Saleh al-Ahmar was the chief of staff of
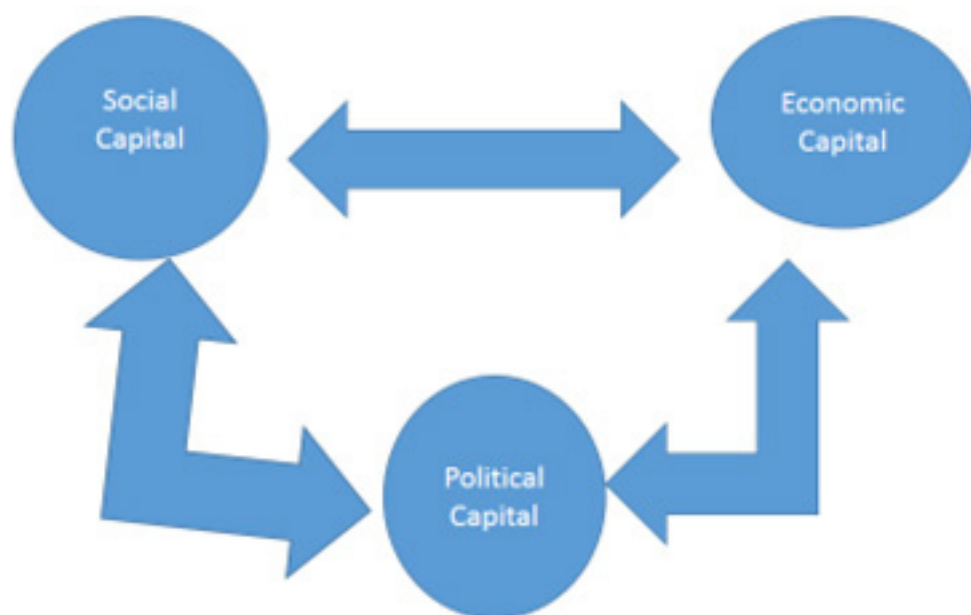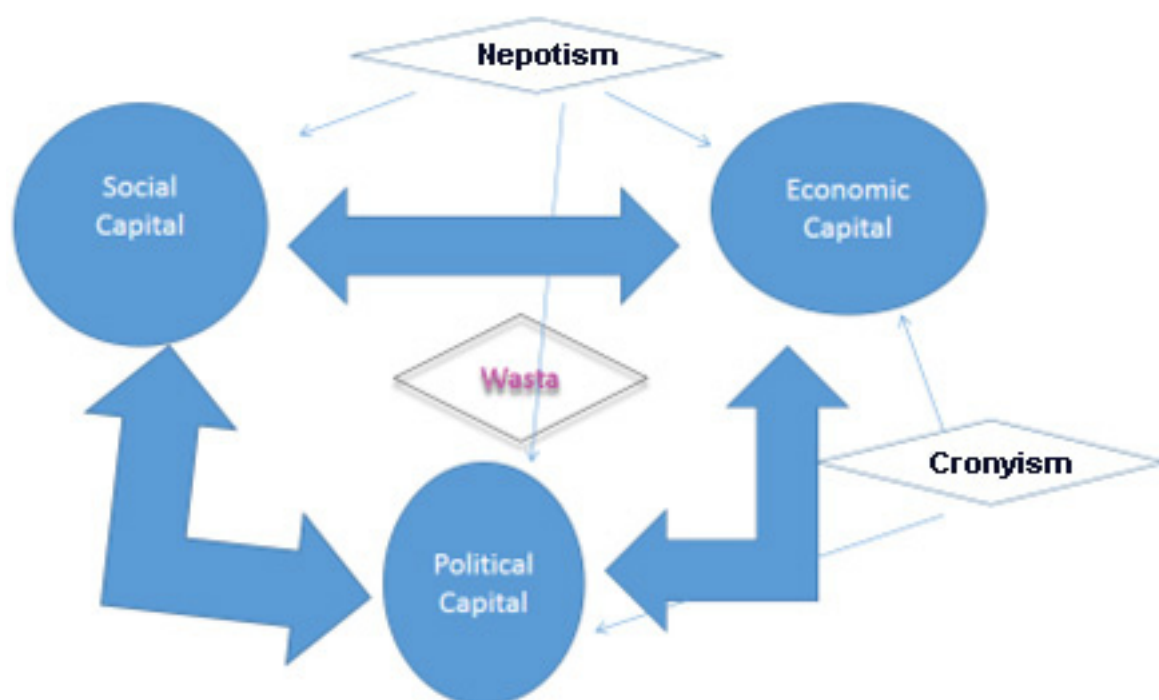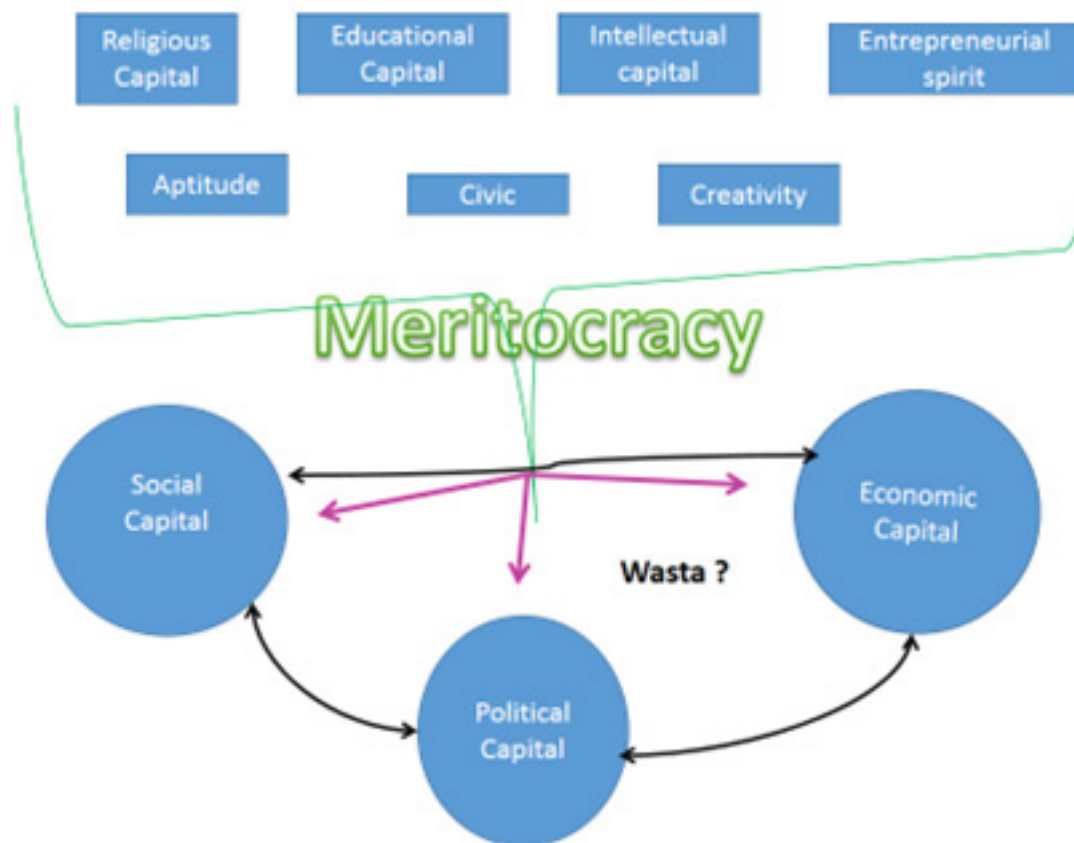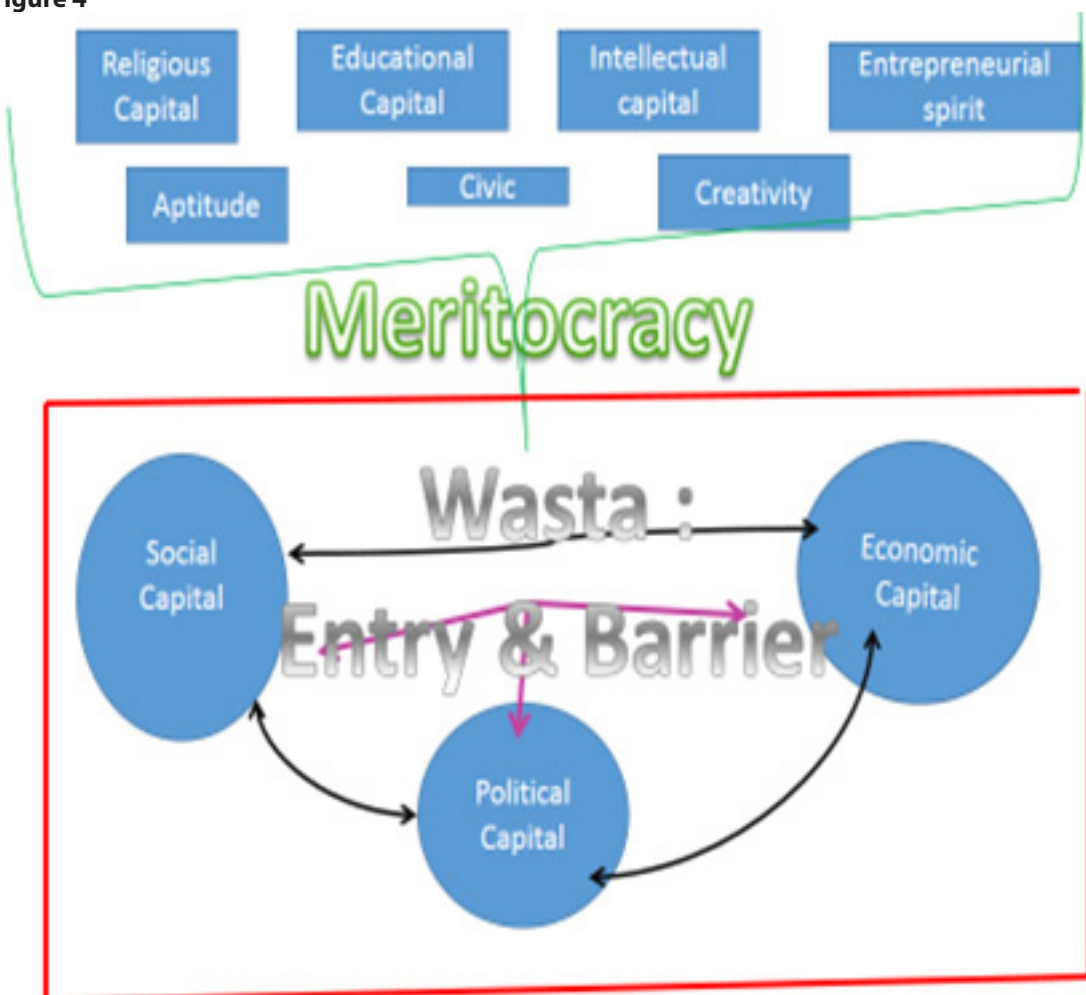
Figure 1:

Figure 2:

Figure 3

Figure 4

the military's general command, and half-brother Brig. Gen. Mohamed Saleh al-Ahmar was Commander of the Yemeni Air Force. Tribe members commanded the military zones of (then) troublesome Aden and energy-rich Hadhramout. President Saleh's nephews occupied important positions in the Ministry of Interior (including CSF), Presidential Guard, and the cabinet.

A situation as Saleh's Yemen is a state capture. This is the ugly side of Wasta! Figure 4 depicts the situation where Wasta becomes not only an entrance ticket to the 'power circle' but also acts as a barrier to entry. Wasta acts as a gate-keeper. Wasta is used to block entry to those not in support of the power circle incumbents. Those granted entry have to reciprocate with loyalty.

The circle becomes filled with family members, friends and cronies. It becomes an Inner circle and as opportunities of entry decline it becomes closed to outsiders. Then the 'outsiders' create an inner circle outside of mainstream. The strength of this circle reflects strength of political opposition. The 'captured-state' regime uses the mabahath Amn Doulah (the secret police unit or the security apparatus) and the emergency laws to weaken the political threat of the informal circle.

Concluding remarks

The family members and cronies in the 'power circle' use their influence (and wasta) to expand their political, economic and social capital. Wasta is used for key employments and business deals. The reciprocal nature of wasta ensures continued loyalty. Wasta becomes the entry point (in place of meritocracy) and the gate-keeper to the circle of power.

As long as there are enough opportunities and wasta is contained it may not become a major issue as opportunities exist for entry based on meritocracy; the pie is shared. However as the regime head of state stays in power for a long time (like many Arab states before the Arab Spring) the number of entries gained through wasta expands through the leader and his inner circle. Gradually the opportunities for meritocracy shrink and competition for those with no wasta becomes difficult. Eventually even those with merit seek wasta for entry in exchange for loyalty creating cronies with merit.

Barnet et al (2013) addressed possible reasons for the evolution of wasta and posit rationales for its use in these societies. In this paper we put forward possible consequences and hope further research and academic discourse can help us better understand possible and wider consequences.

References

Al–Ramahi, Aseel. (2008), "Wasta in Jordan: A Distinct Feature of (and Benefits for) Middle Eastern Society", Arab Law Quarterly, 22: 35 – 62

Ayubi, N. (1986), "Bureaucratization as Development: Administrative Development and Development Administration in the Arab World", International Review of Administrative Sciences 52:201-222.

Barnett, A., Yandle, B. and Naufal, G. (2013), "Regulation, Trust, and Cronyism in Middle Eastern Societies: The Simple Economics of Wasta", Discussion Paper No. 7201 February 2013 , IZA DP No. 7201.

Bellow, A. (2003), " In Praise of Nepotism: A Natural History", Westminster, MD: Doubleday Publishing

Cunningham, Robert B. and Sarayrah, Yasin K. (1994), "Taming wasta to achieve development", Arab Studies Quarterly (ASQ), summer 1994.

El-Tayab, H. (1986), "Administrative Reform in the Arab Countries: Between the Original and Contemporary" in Al-Saign, N. ed. Administrative Reform in the Arab Countries: Readings Amman: Arab Organization of Administrative Sciences; 116-165

Greenhalgh, S. (1988), "Families and networks in Taiwan's Economic Development" in Winnckler, E. and Greenhalgh, S. Contending Approaches to the Political Economy of Taiwan Armonk, New York: M. E. Sharpe, Inc; 224-245

Hutchings, K. and Weir, D. (2006), "Guanxi and Wasta: A Comparison", Thunderbird International Business Review, 48(1): 141-156

Kim, K. and Kim, S. (1989), "Kinship Group and Patrilineal Executives in a Developing Nation", Journal of Developing Areas 24/1: 27-46

Loewe, M, and Blume, J., & Speer, J. (2008), " How Favoritism Affects the Business Climate: Empirical Evidence from Jordan", Middle East Journal, 62(2): 259-276

Mahdi, M. (1957), "Ibn Khaldoun's Philosophy of History", London: George Allen and Unwin ltd.

Meles, M. (2007), "Understanding People's attitude towards the Use of Wasta", Cranfield School of Management. Master of Science Thesis

Mohamed, A. and Hamdy, H. (2008), "The Stigma of Wasta: The Effect of Wasta on Perceived Competence and Morality", German University in Cairo, Working Paper Series (No 5)

Wiarda, H. (1983), "Toward a Non-ethnocentric Theory of Development", Journal of The Developing Areas. 17: 433-452

Winckler, E. (1988), "Elite Political Struggle, 1945-1985" in Winckler, E. and Greenhalgh, S. Contending Approaches to the Political Economy of Taiwan Armonk, New York: M. E. Sharpe, Inc; 151-171

Effective Business Leadership Styles: A case study of Harriet Green

Ahmad Maez Al Zuned

Correspondence:
Ahmad Zuned
Flat-1062, Spring garden,
Block-I,
Shahjalal Uposhohor,
Sylhet,
Bangladesh
Email: *zuned03bd@yahoo.com*

Abstract

Leadership is a complex and indeed multifaceted phenomenon defined in many ways.

Throughout human history, we have seen distinctive leadership on earth. With uncertainty and political turmoil across the world, business performance of an organisation is experiencing a constant fluctuation every day. In such circumstances, good leadership with appropriate skills can be a backbone to the businesses. When Thomas Cook experienced a financial decline, Harriet Green was appointed as the company CEO. With no previous working experience in travel and tourism industry, she unveiled her strategy to rescue the company and led the company in her own way and her own style. This research solely focused on her leadership style in such crisis and concluded that a combination of different styles are needed and depending on business context, leadership must manifest appropriate style in a required business context.

Key words: leadership, leadership style, business organisation, Thomas Cook, Harriet Green

Introduction

"Leadership is like beauty; it's hard to define, but you know it when you see it"

(Bennis 1989:11)

In a simplistic way, leadership is an influence which motivates others to maximise the efforts towards achieving their organisational goals. So the role of a leader is very important in the context of increased organisational performance. Leaders lead the organisation with a purpose, values and integrity; motivate the employees and create an enduring organisational environment. Leadership faces difficulty with the emergences of new competitors, challenges, technological advancement and market demands. In difficulty, the hope and optimism of the leader brings back confidence quality; being resilient and able to bounce back in a catastrophic situation have been considered as genuine leadership. The positive form of leadership and its development is crucial in an organisation for desirable outcomes. Leadership is the focal point as the leader makes the first move towards an organisational achievement.

Leadership styles in literature

According to Firth-Cozens & Mowbray (2001:ii3) "Leadership exists at every level throughout an organisation and usually includes management tasks". Scholars argued to differentiate between the role of management and leadership as these two having distinguished tasks. Firth-Cozens & Mowbray (2001) further stated management focuses on seeking of order and stability within the organisational environment and leadership leads to adapt with the new changes along with strategic direction.

To distinguish leadership from management Gardner (1989) outlined the tasks of leadership which have relevance today. The task of leadership Gardner identified is envisioning goals, affirming the values, motivating, managing, and achieving a

workable unity, explaining, serving as a symbol, representing the group and renewing the hope. However, the differences between leadership and manager are obvious as they are two different kinds of people. They are different in their personality, acts, motivations, works relationships, worldviews and their orientations towards the goal (Zaleznik 1981).

Considering the importance of leadership in global enterprises extensive research has been undertaken covering personality or behaviour, the stress, the context in which leadership takes place, and the individuals who are led (Sarason 1972). The research revealed leadership personality depends on various variables and context, thus it is different from individual to individual. Different leadership styles and behavioural approaches emerged after failing to categorise and validating the leadership theories that developed based on characteristics (Stodgil 1948).

In seeking 'best way of leadership' the literature debates on different styles of leadership. The democratic style encourages participation in decision making, the authoritative style motivates employees to foster a common vision, and the coercive style has a cost cutting approach. In addition, transaction and transformational leadership which are the two styles of leadership, stem from traditional and contemporary modern views. The transactional style of leadership is authoritative over the followers and goals and objective oriented (Clancy 1997). A transformational form of leadership carries opposite view of transactional leadership. This style of leadership fosters the view of engaging employees in a way which Bass (1985) stated as "performance beyond expectation". Such a style is a complex mix of behaviour and personality of the leaders.

Though the advocates of each leadership style suggested their type is the superior to the other styles, research has revealed that neither of these styles is effective in some countries. Steers et al (2012) criticised transactional and transformational both for being too manipulative in the context of Japan. Goleman (2007) suggested the combination of each style in leadership is more successful as none of them alone are considered effective. The stress affects the quality of leadership and may create inferiority among those who adhere to a single quality. This is why leaders need to adopt the combination of styles to ensure that all parts of the organisation are functioning well while ensuring a maximum level of performance.

Fiedler (1996) argued the effectiveness of leadership is the most important. Hennessey (1998:768) suggested: "one way in which organisations have sought to cope with the increasing volatility and turbulence of the external environment is by training and developing leaders and equipping them with skills to cope". The training enables the leader to be a visionary and attain inspirational skills to motivate followers and ensures delivery of a superior performance as leadership has been directly linked to the organisational performance (Ogbonna and Harris 2000). Their arguments suggest though leadership is born to lead, it can be created through training and experience.

Scholars argued that the contemporary world is challenging for the leaders as chaos, unpredictability, uncertainty and constant change have characterised the time. According to Krzyzewski, (2000:8) "probably the most important challenge a leader faces today is building an organisation that continually renews itself, -an organisation of which creativity ....and innovation …are ongoing". Considering the complexity and constant change of the situation, Haven, Wood and Leeman (2006:464) noted "…organisational change is made through creating meaningful dialogue, inspiring hope and inviting action". Grossman and Valiga (2013) suggested leaders need to formulate a vision and engage themselves with fellow colleagues for the success. Many leadership theories have been evolved to define leadership. Contemporary theories suggest leadership depends on the person and situation and maturity of the followers. Furthermore, leadership also involves having a vision, communicating that vision to others, planning with followers on how to make the vision a reality, effecting change, managing conflict, empowering followers, serving as a source of energy and taking responsibility for facilitating the on-going development of followers (Grossman and Valiga 2013).

Indeed the importance of leadership, especially good leadership, has become the key to organisational performance. The increased attention leadership gets is for its considerable effect on financial management and quality of service (Firth-Cozens & Mowbray 2001).

Methodology

This study used an in-depth semi-structured interview in order to conduct the research. Burges stated (1982:107) in-depth interview enables the researcher to bring "…the opportunity….. to uncover new clues, open up new dimensions of a problem and to secure vivid, accurate inclusive accounts that are based on personal experience". The researcher was keen to understand the participants' viewpoints during the transition, and capturing the interpretation of the phenomenon; a semi-structured interview is ideal for this instance for its flexibility (Jennings 2001). The participants were part of the Harriet Green transformation team and have had first-hand experience of a transitioning period of Thomas Cook. The researcher was under the genuine impression that getting access might be difficult owing to the participants gruelling schedule in the corporate world. Around 20 people were sent an email with a request to face the interview. Only seven people replied with their consent. The place and time was scheduled through correspondence. The interviewees were told that the interview will last half an hour. A pilot study was conducted with the colleagues of LSBU to avoid unpleasant experience such as exceeding time.

The Case Study

Thomas Cook

An enthusiastic philanthropic initiative by a 32-year old cabinet maker named Thomas Cook became today one of the leading leisure travel groups. The then Baptist preacher operated a social tour with a view to improving social life through

reduction of alcohol consumption. This social idea grew and encouraged Thomas Cook to operate tours commercially to different parts of the country. Today Thomas Cook serves from 17 countries to 20 million customers by 27,000 employees (Thomas Cook 2014)

The journey of Thomas Cook to be a successful tour operator today was not easy. The first financial crisis the company experienced was just after the outbreak of World War II. To save the company from financial collapse, the company was sold to Four British Mainline Railway Companies. During the Fifties and Sixties, the organisation had experienced competitiveness challenged by its younger rivalry in the marketplace. Despite the recession in 70s, the company managed to survive and provided excellent service by launching a Money Back Guarantee Scheme in 1974.

Thomas Cook entered the 21st century with a new unified brand to the world. Despite having a solid financial record, the industry fell into another financial crisis from net cash of £394 in 2007 to a debt of £900m alone in September 2011. Under Fontenia-Novoa the then CEO of the company spent heavily on fixed assets and intangibles, resulting in financial decline and later resignation of the CEO. The company was in need of a dynamic and charismatic leadership to pull the company out from the crisis leading to profitable growth (Pratley 2011). In order to transform and significant improvement of the financial performance, the company recruited Harriet Green as the new CEO.

Harriet Green:

Despite having a degree in Medieval History from Kings College, London, Harriet Green found herself truly a genius in business in her professional life. Before Thomas Cook, she was CEO of Arrow Electronics and Premier Farnell, a global electronic distribution system. She obtained the CEO position in Thomas Cook on 30 July 2012 when the company lost all belief in itself. Due to the worldwide recession and political turmoil in the Middle East, the company struggled and was saddled with losses and debt of more than £1bn. However, within a few days of her arrival, the stock bounced back from 14.5p to 22p. In rescuing the company from collapse, Harriet Green unveiled her strategy and led the company in her own way and her own style (LinkedIn 2014).

Results and Discussion

This part of the study presents the primary data with linking to the existing literature

Harriet Green's Leadership styles, Skills and Performances:

Bycio et al., (1995) stated organisational performance depends upon leadership styles and skills of the leader. Leadership styles vary from individual to individual. Scholars identified some sets of leadership styles that leaders have. The recent successful stories of Thomas Cook such as rescuing from financial collapse and upward financial growth of the company has encouraged the researcher to examine Harriet Green's leadership style, her skills against her performances. In examining her leadership styles, skills, and performances, it is important to look into the skills through her background and her own philosophy about life, business and rest of the world.

Harriet Green's leadership Style:

Harriet Green does not have one single style but the combination of different leadership styles. She led the company as a democratic leader; sometimes she became authoritative and coercive to some extent, charismatic to persuade others, both transactional and transformational, to have good performance in the stress.

1. Charismatic:

The most influential aspect of Harriet Green's personality is her charismatic style. Associate 1 stated that her leadership example in the crisis and leading the Group through bringing every one of the company under one umbrella was significant. She had a vision and let everyone share the same vision for a better future. Bell (2013) stated that charismatic leaders engage with followers in extraordinary behaviour and show substantial expertise. Associate 2 stated through the renewing of hope, she inspired them to be passionate about the job and act with passions which have enabled the Group later to secure a sustainable position in the competitive market. The Group under her leadership was energised, focused and organised towards the goal. Her focus was engaging employees with the change and the people who will come in contact with them will deal with a different, new and re-energised Thomas Cook. The team was fully inspired by the change which she stated: "they are embracing the change with renewed commitment and vigour" (Harriet Green 2012:13).

2. The Democratic Style:

The democratic style of leadership allows everyone to participate in making decisions. It enables the leader to understand the followers' concern and keep their morale high. Though critics identified democratic style as not the best choice in an emergency situation as this style takes endless time or sometimes consensus remains elusive. However, it helps a leader to avoid a chaotic situation and allows everyone to reach a consensus on the issue. Bass (1990) stated that leadership is not a position but a behaviour which affects others. Associate 4 mentioned that the first approach taken by Harriet Green was democratic which she defined as taking the inside and outside view. Associate 1 said to understand both the inside and outside view of Thomas Cook, she spent her time with customers, suppliers, shareholders, and employees. According to Harriet Green "Before I joined I spent time understanding how the group is viewed from the outside. I met with customers, key contacts in the city, shareholders, our banks and the media..... I wanted to learn about our business from those who know it best, our employees, so I invited them to share their views with me confidentially in a short feedback survey. I have visited all our major business centres, hosted employee briefings

and held in-depth senior management sessions and budget reviews." (2012:8). This has reflected Jurgen's (2011) opinion which he stated to increase productivity and job satisfaction a democratic leader should foster emancipation of consciousness.

3. The Authoritative Style:

Goleman (2007) considered authoritative style as the most effective leadership style as it fits in almost every aspect of the business climate. This style helps to foster a common vision, motivates people to maximise the employees' commitment to the organisational goals and employees feel valued under such leadership. He further defined such style as "come with me" which uplifts the spirit and enthuses to focus on end goals. Goleman referred to an example of the vice president of a Pizza chain restaurant in America to justify the authoritative style which fits when circumstances of an organisation change. The circumstance of the Pizza chain was similar to Thomas Cook. The vice president of the Pizza chain restaurant, Tom, had attended different meetings to get into the bottom line but failed until he made a bold move. He appealed to everyone and that uplifted the spirit of employees and encouraged them to think from the customers' perspective. The quick change occurred within the company in delivering products and services that resulted in financial growth in the company. Associate 4 stated, she was very bold in taking a decision and was determined to the issue she believed was right.

Harriet Green's own words reflect her authoritative style of leadership as she stated "The entire organisation is now mobilised around the changes required; our top 100 managers are fully engaged with the objectives we are working to achieve and we are actively changing the culture and ways of working as our transformation process begins to gain momentum. Over 100 of our teams are globally already working on our transformation projects which have been my real focus since the start of the new financial year" (2012:10). Dinham and Scott (2008) stated authoritative leaders build consciousness and commitment collaboratively and they have skills to work with others and know when to consult.

4. Both Transactional and Transformational Styles:

Alimo-Metcalfe and Albane Metcalfe (2000) suggested leadership needs the combination of both transactional and transformational styles as none of them alone are considered effective. Associate 7 stated Harriet Green has the combination of both transactional and transformational leadership styles. Her transactional style is echoed in her comment "my immediate priority was to accelerate the turnaround the changes already underway and foster the heightened sense of urgency needed to transform the business" (2012:8). This required outlining the task for each employee. Employee 2 mentioned her different appointments to put the right people in the right place and asked them to stick to the adopted strategy. Employee 1 said she has also transformational style as this style is often defined as charismatic. She said the team has been fantastic during the tough decision-making time and is united as one team to deliver for our customers.

5. The Coercive Style:

The Coercive style of leader always makes a tough decision in the organisation. Associate 5 said after her appointment, Harriet Green outlined three lists of priorities such as building an effective organisation, addressing cost and cash management and creating a profitable growth strategy. She first identified £100m of savings from the companies' underperformance areas. In her first attempt, she decided to close 149 underperforming stores, removing low earning hotels, returning six aircraft to the lessors and created a single commercial trading performance through reducing the duplication, structural change, centralising the services and greater integration of maintenance activities. (Harriet Green 2012). This is why Goleman (2007) stated this style of leaders focuses on improving the profitability of the company through a cost cutting approach.

Many studies have revealed that the more styles a leader possesses the more successful they are in leading the organisation. Considering the strengths of each style, scholars argued such type is superior to the other styles in certain circumstances but research revealed that neither of these styles is effective as complexity, change, the unpredictability of the world economy requires the need to switch flexibly among the styles as needed (Goleman 2007).

Associate 1 mentioned Harriet Green is considered as one of the successful leaders who exhibits more than one leadership style. Frank Meysman (2012) the Chairman of Thomas Cook remarks "under the leadership of Harriet Green and her management team, we have successfully reversed the negative trends of the past by improving the performance of the business, improved cash flow, almost halved debt, taken significant cost out of the business and increased the cost of targets for future years". He further stated 2012 was a year of positive change and significant achievement in transformation and strong financial performance of the company. The UK national Business Award awarded Harriet Green 'Leader of the Year 2013' Fortune Magazine ranked her 23rd in Top Business People 2013' and 'International Women in Business 2013' (LinkedIn 2014).

Techniques of Implementing her Style

Communication:

Effective communication is the most important quality in the leadership styles. Bell (2013) suggested in establishing effective communication, leaders must have articulated thoughts, ideas and concepts. Harriet Green realised the importance of establishing communication and engaged herself first in communicating with the employees. Employee 2 said she conducted a survey to understand employees' views and had intensive meetings with the leaders to reach a decision collectively.

Establishing a vision:

Having a vision is the most important trait of leadership styles and Conger and Kanungo (1987) suggested leaders should be the holder of a vision. According to Associate 6, Harriet Green

promoted the concepts of a new era, a new beginning for the group, rebuilding a culture, giving people renewed self-esteem, giving people a self, creating an environment where everyone could deliver productivity and a sustainable business. According to her "being a successful business goes hand in hand with being a responsible business; sustainability is our goal" (2012:6)

Trust:

Howell and Shamir (2005) emphasised on creating trust among followers is another important aspect of leadership trait. They suggested trust between leaders and followers should be high. Yukl (2010) stated leaders need the integrity to create a trusted relationship with followers.

Associate 6 stated Harriet Green was able to capture the trust in the Group. Employers believed in her and admired her honesty, dedication and integrity in achieving the goal. After her appointment, she emailed employees to share their views confidentially and 8,000 employees replied sharing "Chapter and Verse" with her (Smale 2013).

Change Management & Change Leadership

According to Kotter (2011), change management is about coping with complexity while change leadership is about coping with the change. Associate 5 stated, in taking out the company from risk zone and ensuring robust financial growth there are some changes to make inevitable. Therefore, she used her own formula (a third, a third, and a third) to lead the change. According to her formula, she retained the existing team who have been with the Group for a long time to bring knowledge and perspective (a third), promotions internally to use their skills and experience (a third) and leaders coming from external sources (a third) to bring new strengths and skills for the company.

The following figure (Figure 1) is the comparison of two years company performance in achieving target and KPIs. The team she retained, promoted and recruited new leaders from outside enabled her to take the company towards profitable growth. Kotter (2011) stated that change management is a set of processes, tools and mechanisms that ensure changes occur smoothly without any impacts or distractions. The following figure shows the financial growth in one year after she brought the change.

Cross-functional team leadership:

Cross functional teams are assigned to work towards achieving a specific goal. Parcon (2006) said innovation is needed in today's competitive market and cross-functional teams foster innovation through creating a creative partnership and collaboration process. Associate 3 identified Harriet Greens emphasised on four major areas in the company such as new product development, Cost out, profit and Cash Conversion. Associate 2 said she focuses on retaining a team which has multi-skill talent and expertise so that they could flexibly switch the skills as needed. They both further added she made some critical appointments such as Pete Fankhauser for his business transformation experience as UK CEO in addition to his role as CEO of Continental Europe, to lead the company's web transformation while maintaining a web centre of excellence; she appointed Susan Duinhoven and Christoph Debus who ha been appointed to look after both the airline strategy and purchasing capacity along with scheduled businesses. In order to improve the company's performance, Reto Wilhelm was appointed as managing director, who has extensive knowledge and experience in this regard. She also appointed Joe O'Neill as Treasurer to strengthen financial communication, investor relations, and audit and risk teams. Harriet Green commented on her team "We have already made strong progress against many of the matrices…. the formation of new Executive Committee will help to streamline decision making…aligning our leadership responsibilities even more robustly to the strategy to ensure that our next 365 days of transformation delivers results in the same way as the first" (2012:11).

Figure 1: Transformation and profitable growth strategy (Source: Annual Report 2013)

		FY 12	FY 13	FY 14	FY 15
Targets	New product revenue	N/A	£94m	> £300m	> £700m
	Web penetration[1]	34%	36%	> 40%	> 50%
	Cost out/profit improvement (cumulative run-rate)	£60m	£194m	> £340m	> £440m
KPIs	Sales CAGR[2]	N/A	N/A	> 2.5%	> 3.5%
	Underlying gross margin Improvement[3]	N/A	0.8%	> 1.2%	> 1.5%
	UK underlying EBIT margin	0.1%	2.2%	> 3.5%	> 5%
	Cash conversion[4]	11%	48%	> 55%	> 70%

Notes:
1 Measured on a last 12 months departed basis.
2 Compound annual growth rate from FY13 to FY15 including new product revenue.
3 Underlying gross margins, adjusted for disposals and shop closures on a like-for-like basis.
4 Cash conversion defined as net cash from operating activities less interest paid as a percentage of underlying EBITDA.

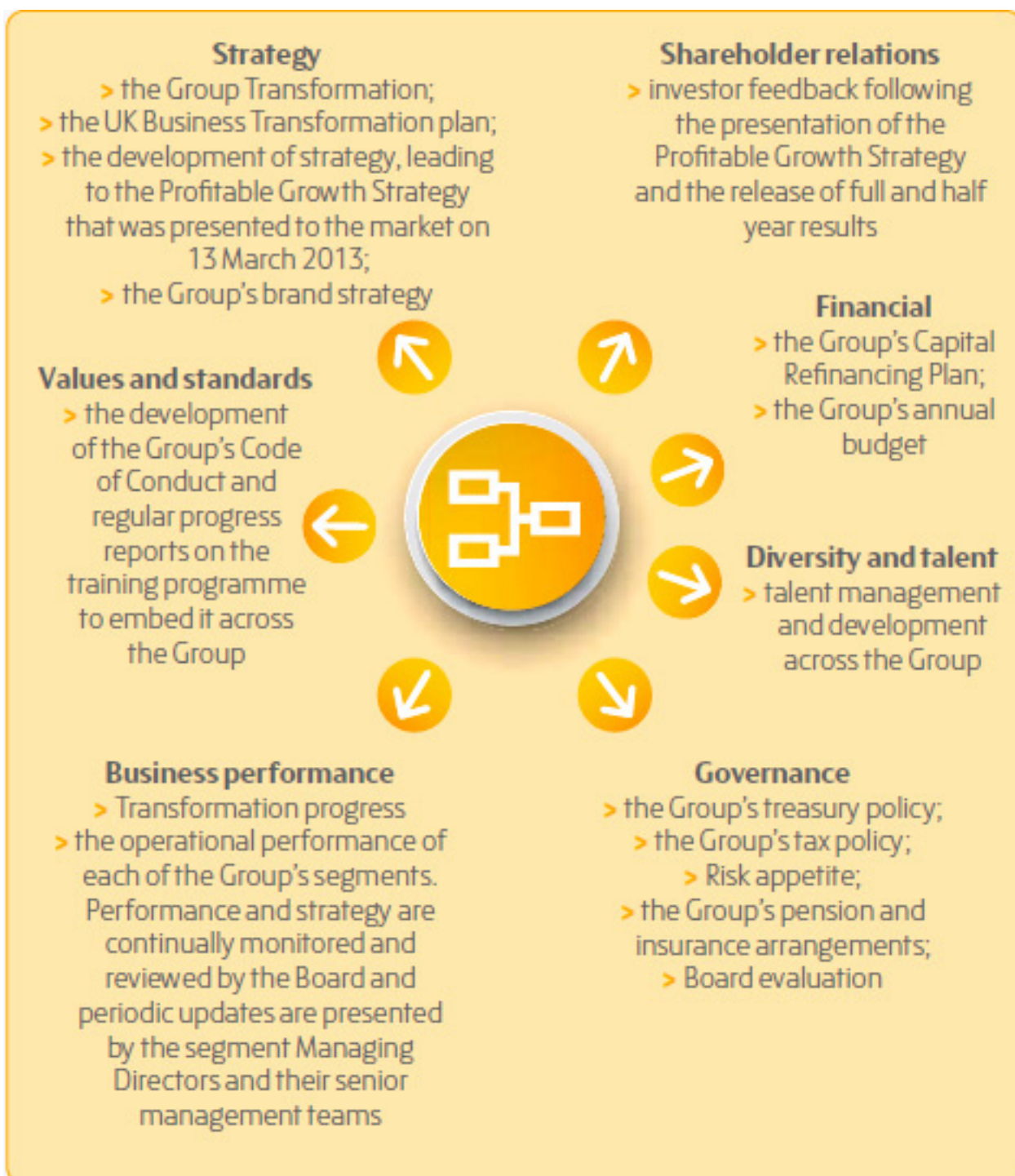**Figure 2: Financial Performances (source: Annual Report 2013)**
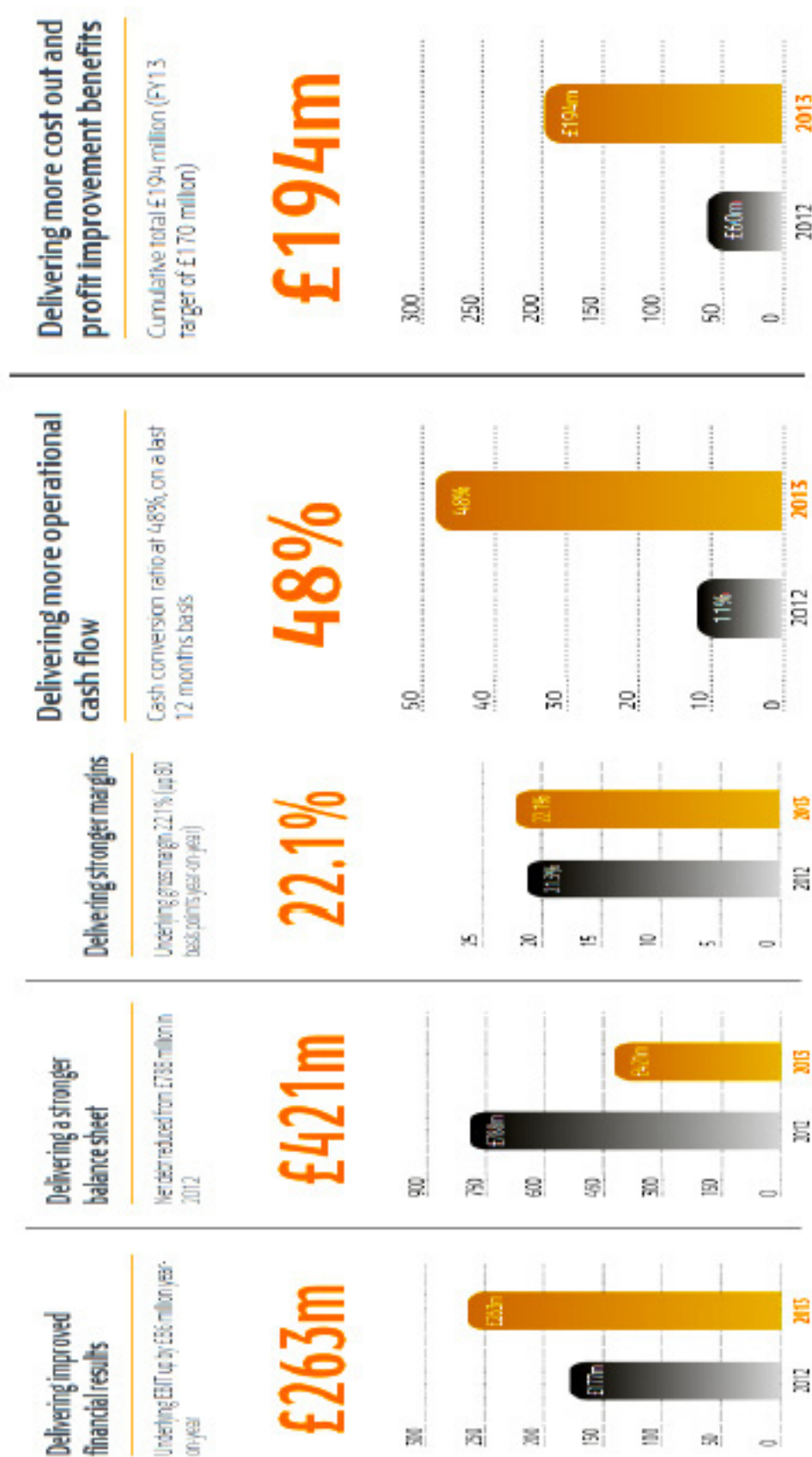
A report of the Institute of Management Accountants (1994) stated cross-functional leadership creates value to the customers, stakeholders and others, increases efficiency and brings success in the competitive market. The appointments and assigned tasks given by Harriet Green were successful and reflected in the annual financial report that shows positive growth in each section.

Team building & Team Leadership

Weinreb (2003) has identified the different stages of team development by the leaders. The stages are forming the team, storming the team (co-ordinate the efforts), introducing team norms and team performance stage in which the team started to perform well. Associate 4 stated the first job Harriet Green aimed at is to organise the team and lead them towards the organisational common goal. She expressed her dissatisfaction over the state of internal organisation and employees. She said, "When I arrived the group felt like a collection of individual businesses, working in isolation making it harder for us to succeed collectively". She restructured the team, developed the ways of working and standards, developed Group-wide values. She identified the strategies, assigned the tasks and promoted creativity and employee participation in critical decision making. The following figure shows the details of transformation, the strategy and business issues, values and standards, governance, shareholders relations etc. Harriet Green has segmented the responsibility of the leaders and they report to her at each board meeting about the progress.

Figure 3: Harriet Green's outlined strategies for team (Annual Report 2013)

Strategy
> the Group Transformation;
> the UK Business Transformation plan;
> the development of strategy, leading to the Profitable Growth Strategy that was presented to the market on 13 March 2013;
> the Group's brand strategy

Shareholder relations
> investor feedback following the presentation of the Profitable Growth Strategy and the release of full and half year results

Values and standards
> the development of the Group's Code of Conduct and regular progress reports on the training programme to embed it across the Group

Financial
> the Group's Capital Refinancing Plan;
> the Group's annual budget

Diversity and talent
> talent management and development across the Group

Business performance
> Transformation progress
> the operational performance of each of the Group's segments. Performance and strategy are continually monitored and reviewed by the Board and periodic updates are presented by the segment Managing Directors and their senior management teams

Governance
> the Group's treasury policy;
> the Group's tax policy;
> Risk appetite;
> the Group's pension and insurance arrangements;
> Board evaluation

Harriet Green's first year was reflected in the chairmen of the board's words "our transformation is made possible by the hard work and delivery by our management and employees" which result in a sustainable future (Annual Report 2013). \

Organisational development

Organisational development is most important to increase the effectiveness and efficiency of the organisation. It enables the organisation to meet the changes within the organisation. After the arrival of Harriet Green, Associate 6 added that she identified the organisational complexity and structures, lack of focus on core businesses and failure to integrate the business successfully are the main reasons for the company's underperformance. However, she was enabled to impart the sense of urgency and pace of change across the group to shape the future. The Group's leadership council led by the CEO redefined the Group Values, leadership behaviours and setting up ways of working to build the effective organisation. Associate 5 said under her leadership, she reshaped the organisation to take out layers and standardisation of the system across the group to increase productivity (Harriet Green 2012). Bolton and Abdy (2007) rightly said "organisational development is about being both effective (the extent to which objectives are achieved) and efficient (a measure of how economically resources are converted to results)"

Figure 4: Thomas Cook business system (Annual Report 2013)

This model has been created by the Group to shape the future of the company. This model promises culture of incessant improvement of the Group through good leadership and relentless performance of management, efficient structure, system and process and profitable growth, trusted personalised products (Annual Report 2013).

Negotiation

Thomas Cook was on the financial brink for the last few years. The then CEO resigned from the job and a new CEO Harriet Green joined in the Group. This job was challenging as the company was about to bust. Further to explain Harriet Greens negotiation skill, Associate 5 mentioned that she came and identified the list of what must be done to take the company out of risk. She found some parts of the Group were doing well while other parts were underperforming. She felt the urgency of change in structure, strategy and unifying the brands under one company symbol, aligning the role of the leaders, taking out the number of roles and stores, reducing the unnecessary processes and above all leading a transformation. Associate 1 added in part of the process of transformation, she had to re-install the sense of belief of stakeholders in regards to the strength of her strategy. She was attending different meetings with the shareholder, employees, customers and executives committees to ease the tensions and to outline her strategy to shape the future of the Group. Considering the importance of negotiation skills in leadership Shore (2014) said "Negotiation is a serious business, you have to keep your eye on the ball, its war Carried out by other means".

Merger and Acquisitions

According to Associate 7 the Group previously had 85 brand labels that were creating confusion to the customers as to whether they were served by the Group. In addition, it was costly to have that many brands under one Group. Harriet Green decided to merge some of the brands and bring them down to 30 brands. The Group reduced their distribution network by 21% and focuses on the acquisition of online distribution channels. She introduced a single customer gateway to provide personalised customer experiences online. Through integrating the businesses the Group under Harriet Green's leadership removed £194m of cost in 2013. The Group intends to have an e-tail (DreamCapture-a digital innovation) to establish a link between channels with customers. Another innovation 'RepAdvisor' has been added which enabled the customers to have a first-hand experience about the resort and local area. The Group has been awarded Global Business Excellence Awards for its outstanding innovation.

Associate 4 mentioned that Harriet Green has introduced the transformation and the Group went through massive changes in the last two years. While the Group experienced changes, she also focused on how people react and how easily people can adjust to the changes. Archer said (2007:3) Leadership is "the single most powerful and misunderstood variable in the success of a merger and acquisition".

Conclusions

Over thousands of years, the world has been shaped by leaders, its advancement, civilisation and economy. Leadership is a complex and indeed multifaceted phenomenon defined in many ways. Throughout human history, we have seen distinctive leadership on earth. Scholars argued about defining leadership and its styles. In defining leadership Zaleznik (1981) quoted Williams James's term leaders are "Twice Born" individuals who are different from their environment and they face many challenges in their life. Leadership is more an Art than a Science as this doesn't follow the series of steps. This is why Gardner (1989:33) stated "leadership is not tidy" but a centre of creative thinking, incubation of ideas and dominant within the organisation.

Harriet Green is considered as one of the successful leaders of the 21st century. Thomas Cook under her leadership =has achieved success in recent times. The success of the Group puts her leadership styles under scrutiny in order to find the appropriate qualities leaders need to possess in the competitive business world. Despite her naivety to the tourism industry, she was enabled to harness her inherent potential into the transformation that she has introduced in the company to take it from the financial brink. Considering her leadership styles, she has successfully combined the appropriate leadership styles in leading the company. The team she led has seen her as charismatic, authoritative, democratic, and coercive, while maintaining a high level of emotional involvement with the followers. Depending on the context, she harnessed herself with the appropriate style which is the most important part of her leadership. The success of Thomas Group shows the approach she has adopted is effective and appropriate to lead in today's competitive business world.

Acknowledgement:

References

1. Annual Report and Accounts 2013

2. Annual Report and Accounts 2012

3. Alimo-Metcalfe B, Alban-Metcalfe R.(2000) Heaven can wait. Health Service J 12 October 26-8.

4. Bass. B. (1990) Bass & Stogdil's Handbook of leadership. New York: The Free Press. 1990

5. Bass, B. M. (1985) Leadership and performance beyond expectations. New York: Harper & Row.

6. Bell, M. R. (2013) Charismatic Leadership Case Study with Ronald Reagan as Exemplar. Emerging Leadership Journeys, Vol.6 Iss. 1, pp. 66-74 Regent University School of Business & Leadership

7. Bennis, W. (1989). On becoming a leader. Reading, MA: Addison-Wesley.

8. Bolton, M and Abdy, M (2007) Foundations for Organisational Development: Practice in the UK and USA, The Baring Foundation and Northern Rock Foundation.

9. Burges, R., (1982) Field Research: A Source Book and Field Mannual. London:

10. Allen and Unwin.Bycio, P., Hackett, R.D. and Allen, J.S. (1995) 'Further Assessments of Bass's (1985)Conceptualization of Transactional and Transformational Leadership', Journal of Applied Psychology, 80(4): 468-78.

11. Conger, J. A., & Kanungo, R. N. (1987). Toward a behavioral theory of charismatic leadership in organizational settings. Academy of Management Review, 12(4), 637-647.

12. Clancy, S. G. (1997) STJs and change: resistance, reaction or misunderstanding? In: Fitzgerald C, Kirby K, eds. Developing leaders: research and applications in psychological type and leadership development. Palo Alto, California: Davies Black Publishing, 415-38.

13. Dinham, S. and Scott, C (2008) AUTHORITATIVE LEADERSHIP, SCHOOL IMPROVEMENT AND STUDENT ACCOMPLISHMENT. The British Educational Research Association Annual Conference, Heriot-Watt University, Edinburgh, 3-6

14. Fiedler, F.E. (1996) 'Research on Leadership Selection and Training: One View of the Future'. Administrative Science Quarterly, 41: 241-50.

15. Firth-Cozens, J. & Mowbray, D. (2001) Leadership and the quality of care, Quality in Health Care, pp. ii3

16. Frank Meysman (2012) The Chairman Annual Report and Accounts 2013

17. Gardner, J. W. (1990) On Leadership. New York, The Free Press.

18. Grossman, S. C. and Valiga, T. M. (2013) The new leadership challenge: creating the future of nursing. F.A Davis Company

19. Goleman, G (2007) Leadership That Gets Results Harvard Business Review

20. Harriet Green (2012) Annual Report and Accounts 2012, pp. 8

21. Hennessey, J.T. (1998) "Reinventing" Government: Does Leadership Make the Difference? Public Administration Review, 58(6): 522-32.

22. Howell, J. M., & Shamir, B. (2005). The role of followers in the charismatic leadership process: Relationships and their consequences. Academy of Management Review,30(1), 96-112.

23. Jennings, G (2001) Tourism Research Queensland: John Wiley & Sons Australia Ltd

24. Jurgen, W (2011) Democratic Leadership: Encyclopaedia of leadership SAGE Publications February.

25. Kotter, J. (July 12, 2011). "Change Management vs. Change Leadership -- What's the Difference?". [Online] Forbes online. Available at http://www.forbes.com/sites/johnkotter/2011/07/12/change-management-vs-change-leadership--whats-the-difference/ Accessed on 15th April 2014

26. Krzyzewski, (2000) Leading with the heart: Coach K's successful strategies for basketball, business and life. New York, NY Warner Business Books.

27. LinkedIn (2014) [Online] Available on http://uk.linkedin.com/pub/harriet-green/12/968/615 Accessed on 15th April 2014

28. Managing Cross-Functional Teams Statements on Management Accounting, Leadership Strategies & Ethics, The United States of America, Institute of Management Accountants 1994

29. Ogbonna, E and Harris, L. C. (2000) Leadership style, organizational culture and performance: empirical evidence from UK companies. Int. J. of Human Resource Management 11:4 August 766-788.

30. Parcon, P. (2006) Develop Your Team Building Skills, Lotus Press, Jan 1, 2006

31. Pratley, N. (2011) Thomas Cook: from net cash to debt crisis in four years [Online]http://www.theguardian.com/business/nils-pratley-on-finance/2011/nov/22/thomas-cook-net-cash-debt-crisis The Guardian 22 November 2011.

32. Richard M. Steers, R. M., Sanchez-Runde, C. and Nardon, L. (2012) Leadership in a global context: New directions in research and theory development. Journal of World Business 47, 479-482

33. Sarason, S. B. (1972) The creation of settings and the future societies. Washington: Jossey Bass, 1972.

34. Shore, R. (2014) Three Tricks That Makes Negotiations Work [Online] Forbes Available at http://www.forbes.com/sites/forbesleadershipforum/2014/01/31/three-tricks-that-make-negotiations-work/ Accessed on 19th April 2014.

35. Stogdill, R.M. (1963) Manual for Leadership Description Questionnaire Form XII, Columbus, OH: The Ohio State University Bureau of Business Research.

36. Smale, W (2013)Harriet Green: Turning around Thomas Cook Available at http://www.bbc.co.uk/news/business-24328944

37. Thomas Cook 2014 http://www.thomascook.com/thomas-cook-history/).

38. Weinreb, Michael. "Power to the People." Sales and Marketing Management 155, no. 4 (April 2003).

39. Yukl, G. A. (2010). Leadership in organizations. (7th ed.). Prentice-Hall.

The Balanced Scorecard and EVA

Abdulrazak Abyad

Correspondence:
A. Abyad, MD, MPH, MBA, DBA, AGSF , AFCHSE
CEO, Abyad Medical Center, Lebanon.
Chairman, Middle-East Academy for Medicine of Aging President, Middle East Association on Age & Alzheimer's
Coordinator, Middle-East Primary Care Research Network Coordinator, Middle-East Network on Aging
Lebanon
Email: aabyad@cyberia.net.lb

Introduction

There is a marked concern of companies on how to measure performance in order to support a long-term, forward-thinking strategic view across the entire organization. There are many systems and measures that attempt to accomplish this goal. Three measurement systems, Economic Value Added (EVA[R]), Activity based costing, and balanced scorecards, take distinctly different approaches to measuring firm performance. Shinder et McDowell elaborated on the advantages and the disadvantages of why a company would use these performance measures. They examined strategic reflections in determining which of these measures, or mixture of measures, a company should use.

Activity Based Costing

Shinder et McDowell stated that "Traditional cost accounting sends the wrong signals to managers and that Activity-based costing addresses deficiencies in the traditional cost accounting systems".

It is an accounting system that permits an organization to ascertain the actual cost linked with each product and service created. Activity-based costing is usually employed to pin point distinct activities as well as recognizing the primary output measure for each activity. There are both value added-activities and non-value added-activities when utilizing ABC.

There are a number of benefits associated with Activity Based Costing including among others providing a complete description of a set of activities. In addition it helps benchmark for improvements and avoids distortion in product costing that results from arbitrary allocations of indirect costs.

The Balanced Scorecard

Robert Kaplan and David Norton introduced the balanced scorecard in a 1992 Harvard Business Review article. Shinder and McDowell stressed that " The scorecard is a collection of data that helps a manager understand performance. The measures help managers balance their focus between current and future performance".

The foundation of the balanced scorecard system is the idea that financial variables alone may not be enough to evaluate corporate performance. A typical balanced scorecard depicts four perspectives: financial, customer, internal business, and innovation and learning. Typically, each category will have two to five measures. By applying the balanced scorecard, organizations are able to elucidate their vision and strategy and translate them into action. If fully developed and deployed it can transform strategic planning from an academic exercise into a practical application.

The four perspectives, of BSC are:

The Learning and Growth Perspective: This tells about the companies' learning curve. It includes employee training and corporate cultural attitudes related to both individual and corporate self-improvement. It concedes that customer' needs, perceptions, and expectations always vary. Therefore, organizations need to change and persistently improve. In order to prepare for change, corporations need to establish an environment favorable to innovation and learning.

The Business Process Perspective: This entails pin pointing those internal business activities that are critical to the company's success. It is linked to the production of the company's goods or services and includes developing efficient work processes that minimize costs and maximize quality. It allows the managers to discern how well their businesses are moving, and whether its products and services correspond to customer requirements (the mission).

The Customer Perspective: This looks at procedures having a direct effect on customers. In this perspective, satisfaction represents an important element in accomplishing corporate success. Customer satisfaction results in retained and repeat business as well as new business from customer referrals.

The Financial Perspective: This reflects financial performance, for example number of debtors, cash flow or return on investment. Timely and accurate funding data will always be a priority, and managers will do whatever necessary to provide it. This persuades companies to establish specific financial

objectives. These financial objectives define the performance expected from the company's strategy. An important point to stress is that marked emphasis on financials may lead to the "unbalanced" situation with regard to other perspectives.

As the authors (Shinder M et McDowell D) pointed out "The balanced scorecard, if properly implemented, is an excellent management framework that can help managers to track the many factors that influence performance. But it lacks a single focus for accountability. Management needs one overriding goal to summarize the interaction between the variables and, ultimately, determine success".

The balanced scorecard is a strategic management system that obliges key decision makers to concentrate on the important performance metrics that drive success. It balances a financial perspective with customer, internal process, and learning and growth perspectives.

Normally within each perspective, a company elaborates on goals and measures in line with its strategy. These permit the manager to estimate the success toward reaching the targets linked to reach perspective (Manas 1999).

Balanced scorecards have multiple benefits as a measurement tool. One of the main advantages of the Balanced Scorecard is considered to be the opinion that it allows managers to view levels of performance all over an organization at the same time "Primarily, the "balanced scorecard" gives managers the ability to view performance in several areas simultaneously" (Kippenberger 1996). It integrates nonfinancial measures of performance. Financial measures alone may not adequately measure the preferred behavior of the company and its employees. By taking into account nonfinancial measures of performance, the organization may more able to achieve its strategic goals.

Economic Value Added

Shinder and McDowell pointed out that " EVA is the one measure that is used to monitor the overall value creation in a business. EVA is not the strategy; it is the way we measure the results". They added that the EVA measure was created by Stern Stewart to address the challenges companies faced in the area of financial performance measurement. By measuring profits after subtracting the expected return to shareholders EVA indicates economic profitability.

Recently, Economic Value Added or EVA (Stewart & May 2003) has gained acceptance among major corporations that consider it as a way to deliver improved company performance. Computation of EVA eradicates alleged distortions from a firm's financial statements that are prepared using GAAP. Stern Stewart states that 160+ potential adjustments exist (Stewart & May 2003).

Adjusting the firm's financial statements results in what Stern Stewart refers to as NOPAT (Net Operating Profits After Tax). NOPAT does not tie to the company's GAAP accounting financial statements; it can, however, be reconciled to them. NOPAT is the firm's economic profit from which the cost of capital must be deducted to obtain EVA. The resultant EVA quantitatively captures the extent of value (wealth) creation by the firm in the short term. "It is true economic profit consisting of all costs including the cost of capital." "It tells us how efficient management is at turning investor money -capital - into profits." (Teitelbaum, 1997)

Shinder et McDowell stressed that "one of the great benefits of the balanced scorecard is that it illuminates the objectives that drive the strategy. In the same manner, EVA provides a common language across the organization. When EVA is the focal point of all management processes, the organization will function more effectively".

The formula for calculating EVA is as follows:

EVA= Net Operating Profit after Taxes- (Capital*cost of Capital)

Economic Value Added is the financial performance measure that draws closer than any other to depicting the true economic profit of an enterprise. EVA also is the performance measure most precisely connected to the formation of shareholder wealth over time.

Critical Success factors

When comparing the various measures it is important to understand the barriers that can prevent the implementation of these measures. It is stressed that enhanced information will not automatically lead to better decisions. In reality, adding another measurement to the existing pile of measurements will actually complicate matters. It is stressed that another critical factor is achieving a balance between simplicity and accuracy. The three tools are measures of Management control system. EVA and ABC are financial measures and Balance scorecard takes care of both financial and non-financial measures

In conclusion the Balanced Scorecard and EVA are useful tools that can help a company achieve greater success in the current dynamic and competitive business environment. In fact, these tools are quite complementary. ABC can help managers understand the cost and capital impact of their decisions. The Balanced Scorecard broadens the view of performance to include financial and non-financial indicators of both a leading and lagging nature. EVA provides a link between decisions, performance measures and rewards, which focuses managers on creating value. These frameworks help focus managers on performing better.

For some corporations, combination of the three measures may serve better. Any one of a number of combinations can be employed; however employing several measures aug-

ments the complexity and costs linked to the performance measurement system. In addition, managerial conflicts can occur when multiple measures are implemented in the same company. Therefore, when resorting to multiple measures we should ensure that the marginal benefits of having multiple measurements exceed the costs of establishing and operating the measurement system.

In the end no single set of tools works well for all companies. The measurement tool you need depends on the organization's specific strategies for increasing value.

References

Mark Shinder , David McDowell : ABC, The Balanced Scorecard and EVA :Distinguishing the Means from the End. Vol 1, Issue 2 , April 1999

R. Teitelbaum, "America's Greatest Wealth Creators," Fortune, November 10, 1997, 265-276.

Robert S. Kaplan and David P. Norton, "The Balanced Scorecard Measures That Drive Performance," Harvard Business Review, January/February 1992, pp. 71-79.

Stern Stewart & Co., "Becoming an EVA Company," Stern Stewart & Co. website, May 2003.

Todd Manas, "Making the Balanced Scorecard Approach Pay Off," American Compensation Association Journal, Second Quarter 1999, pp. 13-21.

Living in a war zone

Ebtisam Elghblawi

Correspondence:
Ebtisam Elghblawi
Tripoli,
Libya
Email: *ebtisamya@yahoo.com*

Is like a slow killing

Emotionally and psychologically

Expecting the unexpected

Not a healthy life at all

Living in continuous fear

Stressful to the mindset and eating away the brain

People keep telling me to adapt

How to adapt to the abnormal and surrender to chaos

Losing self belief and serenity

Losing hopes and dreams of instability

Lacking basic life needs

Power cut, water cut, petrol cut

Deprived access to bank account

Threatening to be demolished anytime by power imposing

Sporadic randomly hitting every few days

As it's the norm nowadays

By all sorts of weapons and artillery

Blocking roads and directing weapons toward people

Anytime you can expect brutal death to visit you suddenly

Killing in cold blood without mercy

Grieving your own destiny silently

No one feels your pain, your suffering

Dreams fade away, career lost its shine

A lawless failed state

Corruption surfaces everywhere

Like uncontrolled cancerous cells metastasis

Where to cut and heal the aching self spirit

Obviously it needs a great deal to mitigate

Loyalty seems to be the impossible endeavour

All are fighting for power by whatever means

No one seems to use the brain to rethink

No one seems to read the history and learn

Just destruction and demolition everywhere

Black smoke, burns everywhere purposely

Stealing, bribing, and ransoms

Kidnaps, rapes, and killings

Strategic and systematic

To where it's heading its final destination

No one seems to either foresee things or set up a strategic plan

Just chaos feeds on the bad breed

Yet another Middle East Prisoner of War
- about the Artist and Author

Lesley Pocock

Correspondence:
Lesley Pocock
Publisher - medi+WORLD International
Email: *lesleypocock@mediworld.com.au*

Dr. Ebtisam Elghblawi

Dr Ebtisam Elghblawi has been a long-time contributor and supporter of the MEJB and our Middle East medical journals. She is our 'Poet laureate' and also contributes art. One of my favourite pieces of her art is featured below. These days, under siege in Tripoli, Libya, she has to draw on any scrap of paper she can lay hands on. Art, along with her faith, helps keep her soul alive while her body and mind undergoes endless hardships and torments.

The political situation in Libya is nearly as dangerous and deprived as the situation for people in Syria (and these days also Yemen, parts of Iraq and Turkey). I have many Middle East friends and colleagues, all professional, intelligent and decent people, living as prisoners in their own land. They are prisoners of marauding gangs, their own government, or someone else's government, or victims of famines brought about by climate change and ineffectual or corrupt political leaders. Some are imprisoned by the circumstances in which they are forced to live and some are literally imprisoned to deter them, as decent intelligent citizens from speaking out about their corrupt governments. In the history of the world the intelligentsia has often been sidelined, imprisoned or murdered by corrupt dictatorships who feel they have a better chance of fooling the masses in their absence. The decent, just and fearless are also targeted lest a real hero and leader should arise to free their fellow citizens and country. With the endless images from the Middle East of chaos, war and hardship, people globally don't always seem to realise that the people affected are the same as them: doctors, teachers, artists, labourers, families with children trying to complete their education and find their own way in the world.

I dare not mention the names of some colleagues lest they be individually targeted but Ebtisam is part of the general collateral damage of the ignorant and evil occupying her land. Ebtisam is a living example of the decent, cultured and intelligent people of the Middle East who are so often criticised and disregarded by the rest of the (ignorant) world. Every day for Ebtisam is a struggle to stay alive - from indiscriminate attack and killings and stray armaments; coupled with the ongoing threat to life, there is too often no power, no

water, no petrol, no daily bread, no access to hospitals, no insulin for diabetics, no access to money you may have in a bank and managed to get past the endless queues where people are attacked and murdered, property destruction, tanks in the streets, blocked roads, little access to the internet, people smugglers preying on the desperate, marauding gangs, rapists and no access to many amenities of life that the rest of us take for granted.

Ebtisam is a person of good character and a good Muslim who believes in the mercy of God despite these constant hardships. Ebtisam is a doctor/dermatologist, medical author, scholar, social commentator, environmentalist, artist and poet but she has just lost her job, and Libya has lost her 19 years of valuable medical experience. She now has no income.

Ebtisam is an Amazigh. The Amazigh which means "**free humans"** or **"free men"** are known to the wider world as the Berbers and were once known as the Phoenicians. The Amazigh, much like the overwhelming majority of the people of the Arab world, belong to a wide variety of ethnic groups that are different in blood, tradition, language, literature, art and history –a historically ancient and distinguished people who have been documented as living in North Africa since the 5th century.

I have written this small piece on my friend and colleague in an attempt to persuade the world toward some peace, harmony and justice for all people, particularly the ever suffering Middle Easterners where the criminals of the wider world play their war games, and to put an end to these monsters among us, those filled with hate, ignorance and brutality.

Ebtisam says there are two types of people on this planet, the nice and the evil. It seems the evil are too often ruling the world and dictating how we should live and causing all the trouble and the nice are the ones having to endure their eternal brutality and ignorance.

Once these societies break down, and in the current ever weakening economic environment and the increasingly fragile natural environment globally. it is doubtful that they will ever recover.

Pictures from the Middle East and wider region that you don't see in the tourist brochures.

Everyday life in Tripoli, Libya
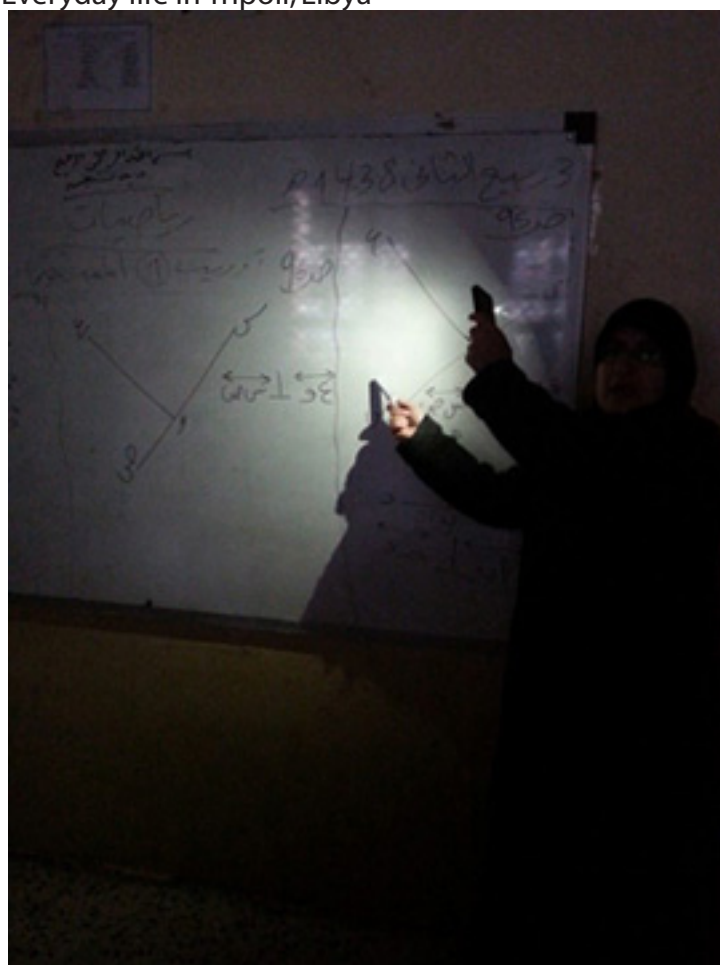
School in Tripoli, Libya

Little girl's bedroom

Cars queueing for petrol in an oil rich country

Trying to access your money in the bank

Everyday life in Yemen

A Yemeni child is dying every 10 minutes from malnutrition

Every day life in Syria

Everyday life in Iraq

Future Accessibility and Assistive Technology Summit Both in Dubai and Doha, this October

After last year's success of Future Accessibility and Assistive Technology Dubai Summit, Advanced Conferences & Meetings is proud to announce the launch of the second edition on 8-9 October 2017 in Dubai, and its first edition in Qatar "Future Accessibility & Assistive Technology Qatar" on 11-12 October 2017 in Doha.

Dubai – A disabled-friendly city by 2020

His Highness Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai, Chairman of the Executive Council, launched the "My Community - A City for Everyone" initiative in November 2013, which aims to fully transform Dubai into a disabled-friendly city by 2020.

Future Accessibility & Assistive Technology Dubai will provide an interactive platform for best practice benchmarking, case study insight sessions, new technology and solution showcase and discussion of challenges and opportunities in the assistive technology sector.

Qatar projects to follow a world class standard for accessibility

In the lead-up and preparation to the FIFA World Cup 2022, the Qatari Government has launched initiatives to transform Qatar into a leading disabled-friendly city by 2020. Working groups have been formed within the Qatari government to develop projects of a world class standard for accessibility in a modern urban environment. This is a key milestone on the roadmap to achieving the Qatar National Vision 2030.

Future Accessibility & Assistive Technology Qatar will support the transition towards a more accessible urban environment by focusing on the principles of universal design that integrate adaptive and assistive technologies to make services, buildings, transportation and activities in Qatar more easily available to all, especially to those with disabilities.

For further information about these two conferences, please visit: www.futureaccessibility.com for Dubai event or www.futureaccessibilityqatar.com for Qatar event.