

# Don't accentuate the positive

Upbeat, yes, but excessively positive, no. DAVID COLLINSON castigates a culture of 'false promises and blame'

“**O**ver the 10 years I have had the privilege of addressing you as chancellor, I have been able year by year to record how the City of London has risen by your efforts, ingenuity and creativity to become a new world leader. Now today, over 40% of the world's foreign equities are traded here... So I congratulate you on these remarkable achievements, an era that history will record as the beginning of a new golden age for the City of London.”

That was Gordon Brown, speaking in his annual address to City leaders on 20 June 2007. It is easy in hindsight to criticise the prediction here – but there are more important and serious issues relating to this speech and what it says about the state of leadership in the UK and internationally.

It is a typical example of how leaders attempt to acknowledge and inspire others by using highly positive statements. In

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previous Mansion House speeches, Brown had consistently celebrated the Government's 'light touch' regulation, which he claimed had helped 'abolish boom and bust'. In 2006, for example, he proudly boasted that, despite considerable media pressure after the Worldcom accounting scandal, he had steadfastly refused to listen to more cautionary voices recommending a 'regulatory crackdown' on the financial sector. It has become clear since then that the lack of regulation in financial services was a major factor contributing to the 'subprime' mortgage crisis that has severely damaged Western economies.

Excessive positivity characterised the global housing and stock market booms of the early 2000s. It was widely assumed the economic conditions of the time were now permanent features, and could be controlled by interest rates alone. This was compounded by the recklessly optimistic view that it was economically viable to expand credit to people who could not afford to repay, to aggregate their debts into mortgage 'bonds' and then sell this debt to other financial organisations.

Discouraging critical analysis in favour of high risk-taking, excessively positive thinking (EPT) appears to lie

*Western economies have a 'Prozac leadership', addicted to promoting excessive or artificial positivity at all costs*





RBS: over-optimism led to disastrous ABN Amro purchase

at the heart of the deep recession sweeping across many Western economies. A culture of EPT has serious implications, and business schools and other development providers internationally have been culpable of being part of the trend. We have encouraged 'Prozac leadership', where leaders, employees and society as a whole have become addicted to an excessive or artificial positivity.

In many Western societies, positive thinking is now widely taken for granted as an ideal 'way of being'. Although by no means exclusive to the US, 'positivity' is a particularly distinctive feature of American culture, where upbeat self-promotion is widespread and often viewed as a desirable 'survival strategy' in a competitive and individualistic market society.

Positive thinking, talking and acting shape all the major areas of US life and personal identity, from work, career, politics, medicine and religion to family, consumerism and leisure. Being positive sends a message about the individual's apparent strength, power and self-confidence. Now a multi-billion dollar industry, the 'positive thinking industry' in the US is typified by the proliferation of self-help books that advise people on how to live their lives.

First published in 1937, Dale Carnegie's *How to Win Friends and Influence People* was the first major self-help text to highlight the value of positive thinking. It is now one of the bestselling books of all time. Part 4 of his book concentrates on leadership and the relatively simple prescription that praise and appreciation are the most effective ways of persuading others to do what you want them to do.

Carnegie's prescriptions have significantly influenced political and business leaders' persuasion techniques and attempts to shape followers' motivations and actions. This culture has been translated into a situation where leaders and managers in organisations try simply to encourage optimism and boost performance through constant celebration of success, 'fun' activities and by

expressing high expectations.

A positive thinking culture at work, however, can lead to false promises, disciplinary pressures and blame. For example, positive thinking supposes that if your business fails, or your job is eliminated, it must be your fault. If an optimistic outlook is the key to economic success, then there is no excuse for failure. Somewhat paradoxically, positive thinking advocates can offer a very negative judgment: you only have yourselves to blame.

Despite claims to enhance creativity and happiness, HR initiatives such as 'structured fun at work' events often constitute 'seductive' attempts to increase managerial and cultural control. These kinds of initiatives don't break down inequalities of power in the workplace, they just hide them temporarily.

EPT also leads to excessive risk-taking. For example, Joe Gregory, former president of Lehman Brothers, prided himself on making decisions based on 'instinct' rather than detailed risk analysis. The Royal Bank of Scotland's (RBS) acquisition of the Dutch Bank, ABN Amro, demonstrated decision-making led by excessive positivity rather than risk analysis, due diligence and attention to warnings. This purchase – at a vastly inflated figure – fundamentally weakened the RBS balance sheet, not only due to the size of the acquisition, but also because of ABN's significant exposure to the US sub-prime mortgage crisis. Consequently, RBS had to be bailed out by the Government.

By insisting subordinates' upward communication be exclusively positive, Prozac leaders and the uncritical cultures they encourage can silence committed and concerned followers. In such contexts, subordinates learn that it may be advisable to comply with typical Prozac mantras such as 'I only want to hear positive news' and 'Bring me answers, not problems'. In these circumstances, followers are likely to engage in positive impression management practices communicating the 'good news' that Prozac leaders favour or require.

The head of group regulatory risk at Halifax Bank of Scotland (HBOS) was fired in 2004 because he repeatedly warned senior directors that the bank was lending too much, too fast. Paul Moore said HBOS was too focused on an aggressive sales culture that was out of balance with controls and that HBOS was significantly underestimating the risks of lending too much to borrowers who would have difficulty repaying. Three

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Gordon Brown: hailed 'golden age' for City of London

critical and independent thinking in their teaching and research – and how this translates into hands-on business leadership that is clear-sighted and unafraid to speak in terms of problems and failure.

Positivity is now so taken for granted in Western cultures that it is rarely questioned in theory or practice. Being positive can indeed be empowering and in many cases is preferable to its bi-polar opposite of sadness or depression. Positive narratives in leadership can be transformational, facilitating innovation and enhancing teamwork. Such outcomes are particularly likely when employees are engaged in strategic dialogues and when they have confidence and trust in leaders.

However, Prozac leadership can damage performance by eroding trust, communication, learning and preparedness – either silencing followers or provoking more overt resistance. **HR**

years later, his warnings were corroborated, as HBOS went to the brink of collapse, as a result of financing its lending growth by raising funds on wholesale markets. Another bail-out by the Government resulted.

A recurrent theme that has frequently emerged in my own research in UK organisations is that subordinates often detect inconsistencies within and between leaders' positive messages and their practices. Research on two North Sea oil installations found that, despite senior management's upbeat claims about the company's safety performance, many offshore workers did not disclose accidents and near misses.

Senior managers in London and Aberdeen were confident the accident reporting system operated effectively and all incidents were being reported. They described their commitment to safety as 'unremitting', 'all-embracing' and 'our number one concern.' Yet, on the platforms, workers complained that those who reported safety-related information were penalised with poor assessments (which impacted on pay and employment security). Believing that managers would prefer not to hear about any difficulties related to safety, workers deliberately communicated overly positive messages back up the hierarchy.

Excessive positivity is an effect of academic norms in business schools: the concepts of 'appreciative enquiry', 'positive psychology' and 'positive organisational behaviour' that have come to dominate ways of thinking. It is fair to say this is especially the case in the US, but increasingly also in the UK, Europe and Far East.

The international impact of excessive positivity in scholarly work can also be seen in the hostile reaction of many US scholars to articles that develop critical analysis. A focus on excessive positivity from US anonymous reviewers in many of the dominant US business school journals constitutes a key publication barrier for more critical scholarship. These are some of the reasons why I was keen to establish a European alternative journal on leadership that has been able to publish more critical, questioning and international material.

European schools have the potential to challenge the dominant dynamics and demonstrate the necessity of

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