Ambiguous Authority and Hidden Hiearchy Collective Leadership and Power Dynamics in a Professional Service Firm

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Abstract

Interviewee: Joint Practice Head of elite professional service firm

'I do think that ambiguity…can perform a very, very useful role because it allows for gaps into which pressure can dissipate. If you make everything too rigid, too bureaucratised – "did you have a mandate for this, did you get the right number of votes for that, is that your responsibility or my responsibility?" – You have to create so many hard lines that it becomes unworkable and also quite destructive as people are always saying – "I'm worried, am I supposed to be doing that or is somebody else supposed to be doing that?"…And the other advantage of ambiguity is I don't have to decide, and nor does anybody else, who is the real leader. Some people might consider this to be slightly dishonest. It's not meant that way…It's just, you're not forced to make decisions. As soon as you're forced to decisions – "Who's the leader? Tom or Harry? Make your mind up" – you're having to sort of stake something which doesn't need to be staked.' (i18)

Professional service firms are characterised by ambiguous authority (Empson & Langley, 2015). This is institutionalised within the partnership form of governance, where ownership of the firm is shared among an extended group of senior professionals, sometimes numbering several hundred individuals (Greenwood & Empson, 2003; Greenwood, Hinings, & Brown, 1990; Pickering, 2015). As the opening quotation suggests, ambiguous authority in professional service firms gives rise to a model of 'collaborative interdependence' (Adler, Kwon, & Heckscher, 2008), where leadership capability is no longer the preserve of a few powerful senior executives but resides within an extended network of professional peers engaged in a more fluid and collective model of leadership. In this environment, power relations are not clearly defined but nuanced and contested (Empson, 2017). As Denis et al (1996) state, 'the need for collective leadership is directly related to the ambiguity of authority' (695). A professional service firm, therefore, represents an ideal context in which to study the complexities and ambiguities associated with collective leadership.

In recent years a growing body of research has emphasised a more collective rather than individual view of leadership (Cullen & Yammarino, 2014). This strand of research, more broadly termed plural leadership by Denis, Langley, and Sergi (2012) to encompass multiple emerging perspectives, views leadership 'not as a property of individuals and their behaviours, but as a collective phenomenon that is distributed or shared among different people, potentially fluid, and constructed in interaction' (Denis et al, 2012: 2). It conceptualises leadership as a "mutual influence process independent of any formal role or hierarchical structure and diffused among the members of any given social system" (DeRue and Ashford, 2010, p. 627). This strand of leadership research, therefore, shifts the unit of analysis away from individual leaders (Avolio, Walumbwa & Weber, 2009) towards 'leadership configurations' (Gronn, 2009, 2011), groups of individuals exercising leadership within a 'shared role space' (Gronn, 2002) who 'carry out leadership functions through collective social processes' (Cullen & Yammarino, 2014: 180). It problematises simplistic distinctions between leaders and followers to recognise that such roles are often neither fixed nor uncontested (Collinson, 2005).

While considerable progress has been made, the field of plural research is still undertheorised in many key respects. Specifically, as Denis et al (2012) state, there is a 'need for greater attention to the dynamics of leadership groups…how they form, evolve, and disband as they interact together and with other organizational members around specific issues' (31). The current study focuses on three specific aspects of collective leadership within a professional service firm: composition, interaction, and situation.

In terms of *composition*, previous studies have tended to assume that the size and membership of a collective leadership group is pre-established. We have little insight into how the composition of the collective leadership group is determined, specifically who is included and excluded and why, or how their basis of authority is determined (Chreim, 2015; Denis et al, 2012). In terms of *interaction*, studies typically adopt two distinct approaches. Some (e.g. Hodgson, Levinson, & Zaleznik, 1965; Denis, Langley, & Cazale, 1996) emphasise the importance of creating clearly differentiated, specialised, and complementary roles and responsibilities to maximise effectiveness and minimise conflict associated with that. Others, (e.g. Gronn, 2002; Gronn & Hamilton, 2004), identify a much looser distributed leadership dynamic based on 'intuitive mutual adjustment' (Denis et al, 2012). So far we

have little insight into why either of these approaches are adopted or how intuitive mutual adjustment actually works. In terms of *situation*, previous studies have tended to focus either on the functioning of leadership groups under 'normal' circumstances (Denis et al, 2012) or on organizations embarking on significant change (Chreim, 2014; Denis et al, 1996; Denis, Lamothe, & Langley, 2001). As yet we know little about how members of a collective leadership group make the transition between these two situations.

This paper asks: in a professional service firm characterised by collective leadership and ambiguous authority: 1) how is the composition and authority of the collective leadership group determined?; 2) how do members of the collective leadership group interact within their shared role space; and, 3) how do members of the collective leadership group act decisively under crisis conditions? It examines the response of the extended leadership group with in a specific professional service firm to the banking crisis of 2008. It is based on extensive interviews within the firm, accompanied by observation and archival analysis.

It finds that members of the collective leadership group, which includes more than a dozen individuals, deliberately construct and amplify ambiguity, in terms of both the composition and authority of their group. It demonstrates the prevailing pattern of interaction within the collective leadership group to be intuitive mutual adjustment, and identifies multiple interrelated practices through which it is manifested. It emphasises how this is facilitated by high levels of social embeddedness. However, it finds this prevailing pattern of interaction changes when members of the collective leadership group are confronted with an externally generated organizational crisis for which they have no authority to act and which threatens the social embeddedness of the partnership as a whole. The new pattern of interaction that emerges, which this study terms, channelled mutual adjustment, reveals a hidden hierarchy and makes explicit the power dynamics within the collective leadership group.

Based on this analysis, the study develops a model of collective leadership in a professional service firm which dimensionalises the processes of intuitive mutual adjustment and identifies a distinctive form of deliberate mutual adjustment that can be deployed under crisis conditions. It contributes to professional service firm and collective leadership scholarship in various ways. First, it challenges conventional assumptions that ambiguous authority is inherently ineffective by emphasising that leaders can exercise considerable informal

authority under the cloak of ambiguity. As a result, collective leadership groups may choose to deliberately construct and amplify ambiguity, rather than seek to resolve it. Second, it highlights the significance of the individual leader within the collective, emphasising that, even when members of an organization are resolutely committed to collective leadership, this does not obviate the need for effective leadership at the individual level. Finally, it begins to address the collective leadership literature's neglect of power by revealing the hidden hierarchies that can exist within avowedly collective leadership groups. It therefore raises questions about the performance of plurality within supposedly plural leadership.

The paper proceeds as follows. It begins with a brief explanation of the professional service firm in context, before developing a more detailed problematisation of research into collective leadership from which the research questions are derived. Then, after outlining the research design, it presents the empirical material: beginning with the theme of constructing and celebrating ambiguity, which analyses the composition and interaction of the collective leadership group, and then developing the theme of navigating ambiguity and maintaining cohesion, which analyses the collective leadership group's response to the global banking crisis. It concludes by presenting the model of collective leadership and power dynamics in professional service firms derived from this analysis and discusses the implications for collected leadership research more generally.