

**BRATISLAVA INTERNATIONAL SCHOOL OF LIBERAL ARTS**

**The Problem of Leadership in Modern Society**

**BACHELOR THESIS**

**Diana Samolejová**

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## **Declaration of Originality**

I hereby declare that this bachelor thesis is a work of my own and has not been published in part or in whole elsewhere. All literature used is attributed and cited in references.

In Bratislava, January 31, 2022

Diana Samolejová

## Abstract

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This bachelor thesis deals with the phenomenon of leadership in society. My goal is to describe the functioning of hierarchies in society and identify the factors that determine the position of individuals in a given hierarchy. I will examine various explanations of the origin and the need for hierarchies both in nature and in our society from the point of view of authors such as A. Bejan, R. Sapolsky, and F. Novosád. Next, I will describe the special position of leaders, whether in politics through the eyes of the thinker Max Weber or in the economic system, using the theory of J. Schumpeter, who was the first to define the importance of entrepreneurs in the market economy. I will examine the questions of the qualities that a leader should have, the question of ethics in leadership, the problem of charisma, and the exceptional strategies of the most successful leaders. Finally, I will give examples of important leaders and provide my own view of the findings.

## Abstrakt

Autorka: Diana Samolejová

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*Kľúčové slová:* Hierarchia, elity, vedenie, autorita, charizma, politický vodca, podnikateľ

Táto bakalárska práca sa zaoberá fenoménom líderstva v spoločnosti. Mojim cieľom je popísať fungovanie hierarchií v spoločnosti a identifikovať faktory, ktoré determinujú pozíciu jednotlivcov v danej hierarchii. Budem skúmať rôzne vysvetlenia pôvodu a potrieb hierarchii v prírode aj v našej spoločnosti z uhla pohľadu autorov ako A. Bejan, R. Sapolsky a F. Novosád. Ďalej budem opisovať zvláštnu pozíciu lídrov, či už v politike skrz pohľad mysliteľa Maxa Webera alebo v ekonomickom systéme, za použitia teórie J. Schumpetera, ktorý ako prvý definoval význam podnikateľov v trhovej ekonómii. Budem skúmať otázky spojené s kvalitami, ktoré by mal líder mať, otázku etiky líderstva, problém charizmy a výnimočné stratégie najúspešnejších lídrov. Nakoniec poskytnem príklady dôležitých lídrov a môj vlastný pohľad na zistenia.

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## Table of contents

Declaration of Originality	1
Abstract	iv
Abstrakt	v
Acknowledgements	vi
Introduction	2
Thesis Statement	4
1. Hierarchy	4
1.1 Dangers of Hierarchy	7
1.2 The Theory of Elite	8
2. Leadership in Politics	12
3. Leadership in Economy	21
4. The Problem with Leadership in Modern Society	29
Conclusion	33
Resumé	35
Bibliography	37

## Introduction

This bachelor thesis deals with the phenomenon of hierarchy and leadership in society. My goal is to describe the need for hierarchies in society, and determine what factors make an individual leader, focusing on the specific position of entrepreneurs in society and providing examples. I will describe the explanation of the origin and needs of hierarchies both in nature and in our society from the point of view of authors such as Adrian Bejan or Robert Sapolsky. The description of the creation and the need of hierarchies offered by Adrian Bejan, a professor of mechanical engineering at Duke, assumes the point of view of natural sciences. Bejan explains that hierarchies are all around us and within us, for example, the hierarchy of branches in river basins, in the human lungs, in the blood system or in urban transport. Bejan perceives the hierarchy as a constant flow of energy that dissipates and changes, guided by the rule of efficiency and sustainability. Based on his work we can assume that the development of social organizations into larger and more complex communities is natural and based on the same physical law that gives rise to tree branches and river deltas.

„Commerce and knowledge (science, education, news) flow in one direction: from those who have them to those who seek them because they are empowered by them. Those who receive them are set in motion, new territories open for them, and they become freer and wealthier. When both ends of each such river basin have them and know them, the flow stops. What is not new does not travel.“ (Bejan, 2020, p. 23)

Bejan's theory uses scientific examples to explain why people naturally organize into societies, make society larger and more complex, and make these systems hierarchical. The second part of this chapter will be dedicated to Robert Sapolsky's view on hierarchies. In his work *Behave: The biology of humans at our best and worst* Sapolsky explains that dominant hierarchies are present in many social species. The position in hierarchy directly affects an individual's quality of life, which is a phenomenon occurring in humans as well as in other hierarchical species. In other animal species, the alpha male is characterized by privileged access to limited goods. They inherit or gain their position in hierarchical battles. We, humans, are unique in comparison with other species because we choose our leaders in elections and follow them based on ideology. I will complete this chapter with the work of František Novosád, which explains why not only genetic predispositions but also the

opportunities that society provides are crucial to the realisation of natural talents in society. Novosád describes how the character of the society determines how it approaches the talents coming from the lower classes.

In the second chapter of my thesis I will try to explain why some individuals are placed in the leading positions of the group, and what factors are responsible for it. “Leadership is the ability of a superior to influence the behavior of subordinates and persuade them to follow a particular course of action”. (Bernard, 1938) First, I will look at the position of leaders in politics through the eyes of the thinker Max Weber. I chose Max Weber because he is one of few sociologists who puts emphasis on the personal characteristics of politicians. Weber describes the type of leadership where authority derives from the charisma of the leader. Furthermore, Weber compares this type of leadership to other leadership theories that are based on legal and traditional authority.

In the third chapter, I will describe the leader phenomenon in economics, using the perspective of Joseph Alois Schumpeter. I chose Schumpeter because, like Weber, he emphasises the personal characteristics of a leader, in this case, an entrepreneur. Unlike Weber, Schumpeter does not speak directly about the qualities of the ideal entrepreneur but highlights the unique characteristics that distinguish the ideal entrepreneur from other business owners. Just like in politics, leaders exist in the economic sphere. Schumpeter was the first to define the importance of entrepreneurs in the economy. Schumpeter describes that in the stationary economic cycle there is no space for business profit because the input of raw materials and labour absorbs the profit from the final product. He sees the role of the entrepreneur in introducing new combinations, so-called innovation. This is the moment when business profit is created, and the equilibrium of the economy is disrupted. He describes this phenomenon in his concept of creative destruction as “the process of industrial mutation that continuously revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one.” (Schumpeter, 2021, p. 82)

Drawing from the above mentioned literature, I will analyse the qualities that a leader should have, the problem of charisma, and the exceptional strategies of the most successful leaders. Finally, I will give examples of important leaders and provide my own view of the findings.

## **Thesis Statement**

My thesis has a descriptive nature. Its basis lies in the fact that leadership problems are now becoming even more important than before. In the first chapter we conclude that hierarchies are an inevitable part of the society and because of that, leaders are necessary, too. I conduct my research using classical literature, where Schumpeter and Weber analyze the phenomenon of leadership. I consider these authors relevant to my research because they emphasise the personal factor, which makes them different from other theoreticians of the subject. In conclusion, I examine the possibilities of implementing this theoretical basis into modern society.

## **1. Hierarchy**

In this chapter I explain why people live in a hierarchy, how those hierarchies are formed, why they are necessary, and what problems modern hierarchies bring to society. We are the same as other animals when it comes to creating hierarchies, and the differences that come from our position in hierarchies (Sapolsky, 2017). According to Adrian Bejan (2020), hierarchy is a natural phenomenon that we can see all around us. Hierarchy is often described by a constantly diverse flow of energy, a complex network of connections. "Hierarchy is the visible manifestation of freedom, economies of scale, and the configuration" choices "that flow systems seem to make to enhance the access to the finite space that is available to them." (Bejan, 2020, p. 21) Bejan describes hierarchy as something positive, ubiquitous, and helpful. Not only in society but everywhere in nature: "The flow of energy in the hierarchy is repeated and is good for the life and performance of the whole." (Bejan, 2020, p.15) "The diversity of hierarchical flow architectures covers the broadest spectrum accessible to human observation: all size scales, animate, inanimate, human-made and not human-made, and steady and time-dependent." (Bejan, 2020, p. 7).

The main reason why hierarchies are necessary, which several authors agree upon, is their efficiency. Hierarchies in society help people work effectively because everyone knows their place in it (Sapolsky, 2017). According to Novosád (2014), hierarchies originally come from the result of the division of labour. On the other hand, Bejan describes how the hierarchy is everywhere in nature and forms the most efficient form of coexistence, where species live in symbiosis and benefit from others.

“Under the falling rain, the ground surprises us with rivulets that arrange themselves into an all familiar“ tree ”configuration. The tree flows and morphs, freely. It is alive. It keeps rearranging itself to flow more easily, to evacuate the water faster down the slope” (Bejan, 2020, p. 21)

The tendency to form hierarchies is natural and its presence is undeniable.

Authors like Bejan and Sapolsky describe the necessity and nature of hierarchies using various examples. Bejan in his work describes the presence and usefulness of hierarchy on the example of a football team or an academic committee, where the hierarchy is formed naturally. It is not determined from the top, everyone holds a position based on their talent, which benefits the whole team.

“Without hierarchy, humanity would not have evolved to have language, religion, science, books, army, government, universities, library shelves, and grocery shelves.” (Bejan, 2020, p. 22)

Sapolsky, on the other hand, looks at the occurrence and formation of hierarchies in other animal species as well. For example, in the case of a chimpanzee who is fighting for some shortage of goods, there is no battle, because the hierarchy clearly states the position of the privileged individual.

“A group forms a stable, linear hierarchy where the alpha individual dominates everyone, the beta individual dominates everyone except the alpha, gamma everyone except alpha and beta, and so on.” (Sapolsky, 2017, p. 439)

As with other species, the quality of human life depends on inequalities due to positioning in the hierarchy.

Hierarchies are characterized by their complexity. Some are simpler and their presence is well known, others are unclear to most people. Society is such a complex

system, that our minds, which are inside it, are unable to understand it (Bejan, 2020). A great deal of brainpower is needed to understand the subtleties of dominant relationships. Like many of the other species, we automatically monitor the social status of relevant individuals from an early age. We and other animals can register events that would indicate a change in hierarchy. It is typical with other animal species, which also notice behaviour escalations that do not directly affect them. For example, ravens recognize domination by listening to one another, and are interested in hierarchical gossip about another group (Sapolsky, 2017). This is also related to the understanding of the complex global hierarchy, which includes various socio-economic states. “We belong to multiple hierarchies and can have very different ranks in them” (Sapolsky, 2017, p. 444). Achieving and maintaining a high position is the most challenging task within a hierarchy. According to Sapolsky (2017), this requires mastering the theory of manipulation, intimidation, and fraud. There are also hierarchies that are not accessible to the human eye.

“In society, hierarchies are of both kinds, those that are in plain view and known to everyone, and those that are invisible to most, and known only to a few. In the field of social dynamics, the latter are known as dark networks and mafias.” (Bejan, 2020, p. 26)

Hierarchies are everywhere in society, including areas of life we care the most about. The difference between human leadership and animal leadership is that humans in modern society choose leaders in democratic elections and the leadership is not inherited.

“In hierarchies of primates, such as baboons, alpha males don’t know which direction to go (given that they transfer into troops as adolescents). No one follows them anyway; instead, everyone follows the old females, who do know.” (Sapolsky, 2017, p. 439).

The real difference between human and animal leadership is explained by the presence of ideology:

“Moreover, they often are not merely highest ranking but also “lead,” attempting to maximize this thing called the common good. Furthermore, individuals vie for leadership with differing visions of how best to attain that common good—political ideologies. And finally, we express obedience both to authority and to the idea of Authority.” (Sapolsky, 2017, p. 438)

We have even developed bottom-up mechanisms for the occasional collective selection of such leaders. We do not choose them based on rational facts but based on conditioned sympathies. “Attractive people typically being rated as having better personalities and higher moral standards and as being kinder, more honest, more friendly, and more trustworthy.” (Sapolsky, 2017, p. 456)

## **1.1 Dangers of Hierarchy**

Obedience is important for maintaining the hierarchy. People show obedience to authority. Sapolsky reminds that just like many other animals, we have an innate need to adapt, belong and obey. Therefore, we often do not distinguish whether what we do is right, and we can bully or murder if everyone else does. Consistency and obedience have deep roots. This is evidenced by their presence in other species and very young humans. It is a type of social learning. In addition, learning may involve “cultural transmission”. Consistency refers to a social and emotional contagion, where, say, a primate aggressively targets the individual simply because someone else is already doing it. (Sapolsky, 2017).

Politics is the struggle of the powerful with different visions of the common good. Economic, environmental, and international political orientations tend to come in one package. The building blocks of political orientation tend to be stable and internally consistent. There was a testament to the link between lower intelligence and the subtype of conservatism. It is also associated with the established hierarchy. Since it provides simple answers, it is ideal for people with poor abstract thinking skills. (Sapolsky, 2017)

The innate need for consistency implies the necessity and presence of hierarchy. Even though hierarchies are dangerous, we cannot refute their presence. What are the characteristics based on which we belong to individual groups in the hierarchy? Novosád asks the same question in his work, reminding that “[w]e take some of these dividing lines for granted, given by nature and history.”(Novosád, 2014, p. 136). From our previous arguments it is clear that the formation of hierarchies is close to biological and genetic precursors. Many social differences are based on

biological, genetic differences, such as being born a man or a woman, healthy or with a disability, or with a certain skin colour. But is the biological factor the only one that affects our position in the society? To answer the need of the work efficiency required in hierarchies, it is necessary to create space for the realisation of these genetic talents. Therefore, it is important to examine not only the genetic basis but also the opportunities provided by the society. “The social need not only creates space for natural talents but also creates personalities. Personality is created by mastering the possibilities available to a given society, a given culture.” (Novosád, 2014, p. 138) The character of the society is also determined by how it approaches those who try to succeed. According to Novosád (2014), talent distribution is equal across all classes, but there are not equal opportunities. Another factor is how the individuals see chances. Equally talented individuals can see an obstacle where others see an opportunity. Novosád comes to the conclusion that “[s]ocial division and social hierarchies cannot be explained by nature, but only by the logic of social development.” (Novosád, 2014, p. 139)

It follows from the above that the hierarchies originally served as an efficient division of labour. In nature, we see many examples where hierarchies help the efficient distribution of resources. Also in business, information flow in one direction: from those who have them to those who seek them because they are strengthened by them. For those who get them, new possibilities open, they become freer and richer. When both sides have them, the flow stops. What is not new does not flow (Bejan, 2020). Therefore, it could be said that when the hierarchy becomes closed and the resources are not further distributed, the hierarchies start to degenerate.

## **1.2 The Theory of Elite**

Elite (from Latin *eligere* = to choose) is interpreted as a social science term, denoting a category of people who have a leading or another important role in a certain system, due to their personal qualities, professional qualities, or position. In the late 18th and early 19th centuries, it began to be used for high-ranking social groups. The preconditions for defining the elite as the exclusive social group or group of the "best" forming the government already existed in ancient philosophy, especially in the work of Plato. Elite theories assume that people are biologically and psychologically unequal. This natural inequality is the basis of social inequality, which is also natural.

The result is a hierarchical stratification of each society. The main factor in hierarchical social groups is power (Valpy, 1828). ) The French word *elite*, from which comes the modern English term, simply means 'chosen', and therefore corresponds to the notion that people with excellent abilities have their power and privileges by a divine sanction.

This problem is explained by the elite theory, which states that most of the power is in the hands of a small group of people. The theory of elites claims that such a redistribution of power is best for the whole society. The question is whether the power of a particular group should exceed its size to such an extent. In ancient Greece, the answer to the question was positive, since the disproportionate influence of a small group was justified by their outstanding wisdom, as in Plato's class of rulers. The elite was thought to embody the culmination of the best human qualities. However, the necessity of an elite government might not be undeniable, as evidenced by the fact that ancient, medieval, and early modern political writers undertook a constant struggle against the government of ordinary people or against democracy. Defending the elite government is akin to missing equality and the even distribution of power. Novosád (2014) claims that talents are evenly distributed across all classes and there is no proven culmination of higher IQ in the upper class.

There is a common presumption that rich people also have the privilege of the best education, which predetermines their ruling position in politics. The American philosopher James Burnham provided a realistic analysis of a group of elite actors that made him reject utopian egalitarianism, which represented the best hope for democracy (defined by the terms of law, and governed freedom that results from interclass control and balancing) (Maloy, 2014).

The theory of elites is on the rise today because it describes a current social phenomenon in which the privileged class lives in isolation from the rest of society. The theory is no longer just about inequality since the gap between classes widened to such an extent that the lives of those at the top are absolutely incomparable to those at the bottom of society. Elites are becoming more and more closed off and have their own schools, banks, and services available only to the selected clients. "You will know the truly rich and powerful by not meeting them anywhere." (Keller. 2010, p. 62)

We can distinguish between two types of elites. The first type is the old elite, which could reproduce uninterruptedly for generations, maintain its position and family property. It is also called the “discreet elite” because it is hidden from the public. Its members have their own way of raising children, whom they send to prestigious schools. Their children could go to a state primary school. But at a time when they may fall in love, they go to a prestigious high school in order to eliminate possible ties with people from lower circles. They meet in selected clubs, at social and sports events, accessible only for the people from the same elite class. As a result, the elite class has the highest class cohesion and loyalty of all class layers. From childhood, they build the necessary contacts between "their own" on an international level. They have the best education and the highest cultural capital. The second type of elite described by Keller (2010) is the “new elite”. It is a lower power elite, focused on the management of large companies. Keller (2010) claims that this elite has more valuable leadership and innovative capabilities. For our purposes, we can call it the “auxiliary elite”. The auxiliary elite includes market managers, financiers, lawyers, politicians, and economists. Their position is precarious because they do not own the corporations they lead. They are easily replaceable and their position depends on their constant performance. They try to emulate a discreet elite but have low cultural capital, weak roots, and class consciousness. Although these two types of elites are not interconnected, they are united by their absolute isolation and self-sufficiency from the rest of society. (Keller. 2010)

Although the difference between the ruling class and the controlled mass is great, they have undergone the same development for centuries. The ruling class is initially made up of capable, talented individuals who have competitively won a property. Later, the heirs of the property gradually degenerate and lose their ability to govern effectively. An energetic and ambitious group of people will form at the top of the controlled class, who will take advantage of this situation and begin to appeal to the ethical and humane behaviour of the elites. Schumpeter describes this phenomenon in the economy as the moment in which an innovative entrepreneur pushes out and "steals" the profit of an established economic entity that has become static and does not innovate. A group of elite critics, standing in a position of moral authority, does so only to push the elite out of that position and gain power. Once they succeed, they become equally domineering and dogmatic. Therefore, it is this layer of the controlled that is of key importance to the elite. In cooperation, they help elites to reproduce and

ensure the obedience of the controlled. Their loyalty is important to the elite, because thanks to them, even less able elite heirs can reproduce the government and delay it. (Keller. 2010) A special category consists of so-called celebrities, who gained their position based on sports or other career achievements. Their job is to create the impression that everyone can succeed. They affect public opinion. Their position brings considerable profits to the entertainment industry and the media. Without their support, they would not have achieved an above-average position due to their profession.

## 2. Leadership in Politics

The prism offered by the work of the sociologist and political economist Max Weber accommodates the issue of leadership in politics. I will use his work *Politics as a Vocation* as a starting point. In this lecture, Weber examines the relationship between politics, power, and violence. He talks about the ideal traits of a politician, administrative apparatus and emphasises corruption situations, which the ideal leader should avoid. It is important to mention that the lecture does not cover questions concerning a model policy that should be pursued. Weber defines the term “politics” as an individual's effort to participate in power or to influence the power decisions of the state.

“He who is active in politics strives for power either as a means in serving other aims, ideal or egoistic or as 'power for power's sake,' that is, to enjoy the prestige feeling that power gives.” (Weber, 1965, p. 2)

Weber points out that each leadership contains certain charismatic elements, associated with the personality of the leader. The question is where is the line between the charism of responsible democratic leaders and the pernicious charism of a convinced dictator. Based on this premise, Weber distinguishes two ways a politician can approach his or her job. Either he or she lives *for* politics or *from* politics.

Politics is a very broad concept because it includes all kinds of independent management activities. In *Politics as a Vocation*, Weber defines it more precisely as the leadership or influence over a political union, especially the state. The state and political unions are an expression of a man's domination over a man, based on the means of legitimate power.

“The state is held to be the sole of the right to use violence. In our terms, then, “politics” would mean striving for a share of power or for influence on the distribution of power, whether it be between states or between the group of people contained within a single state.” (Weber, 1965, p. 3)

Furthermore, Weber distinguishes three types of political power legitimacy. The first authority of "eternal yesterday," the authority of morals, traditional domination, is usually ruled by a patriarch or patrimonial ruler. The second, charismatic domination, relies on the leadership qualities of the individual. In the

political sphere, he is usually a prince, a ruler, a great demagogue, or even the leader of a political party.

“There is the authority of the extraordinary and personal gift of grace (charisma), the absolutely personal devotion and personal confidence in revelation, heroism, or other qualities of individual leadership. This is “charismatic” domination, as exercised by the prophet or in the field of politics by the elected war lord, the plebiscitarian ruler, the great demagogue, or the political party leader.“ (Weber, 1965, p. 2)

And the last concept of legitimacy is the power of legality, driven by rationally created rules. Legal domination is based on the fulfilment of established obligations and rules. The most important aspect to consider is how the ruling forces secure their domination, which applies to all three types of dominion. Every operation of the state requires a coherent administration, which should ensure the direction of political power. The main motives are material reward and social honour. External material support is needed to maintain violent power domination. All state institutions can be classified according to whether the staff member is separated from the material means of administration or whether they are their owner. The individual who has resources or is an owner of an institution can be sure of his or her employee’s obedience.

„The administrative staff, which externally represents the organization of political domination, is, of course, like any other organization, bound by obedience to the powerholder and not alone by the concept of legitimacy, of which we have just spoken.“ (Weber, 1965, p. 3)

In modern society, the personnel executive staff are usually separated from the means of administration. For example, a professor or an official cannot execute their profession on their own but are dependent on the institution. The same principle applies to politicians, who either have their own resources or financially rely on the institution. In other words, politics is determined by those who have resources. Weber is particularly interested in the charismatic realm of the internally chosen leader of the people who obey, acknowledge, and trust him or her. (Weber, 1965).

According to Theological Dictionary, charisma is referred to as the “gift of grace” (McKim, 1996, p. 42).

“Charismatic authority first came to prominence in M. Weber's analysis of domination. Contrasted with legal-rational authority, charisma means the authority vested in a leader by disciples and followers in the belief that the

leader's claim to power flows from extraordinary personal gifts.”  
(Abercrombie, Hill, & Turner, 2006, p. 49).

With the death of the leader, the disciples either disband or convert charismatic beliefs and practices into traditional (“charisma of office”) or legal arrangements. Because charismatic authority is unstable and temporary, it is transformed into permanent institutions through the “routinisation” of charisma.

“For here, as with every leader's machine, one of the conditions for success is the depersonalization and routinization, in short, the psychic proletarianization, in the interests of discipline. After coming to power the following of a crusader usually degenerates very easily into a quite common stratum of spoilsmen.”  
(Weber, 1965, p. 28)

Charismatic authority always develops in the context of boundaries set by traditional or legal authority. By its nature, it tends to question this authority and is therefore often considered revolutionary. “Charismatic authority never appears in a vacuum — in every case, there already exists some form of traditional or legal authority which creates boundaries, norms, and social structures. By its very nature charismatic authority poses a direct challenge to both tradition and law, whether in part or whole. This is because the legitimacy of the authority cannot derive either from tradition or law; instead, it derives from a “higher source” which demands that people pay it greater allegiance than they currently show towards other authorities.” (Cline, Austin, 2021, September 15)

The charismatic authority always challenges society, but this process ends with this person integrating into society. This process is called a routine. Routinization is defined as a process in which “charismatic authority is replaced by a bureaucracy governed by a rationally appointed authority or a combination of traditional and bureaucratic authority.” (Turney, Beeghley and Powers, 1995, cited in Kendal et al. 2000). For example, Muhammad, who had charismatic authority as a prophet among his followers, was replaced by the structure of Islam.

According to Weber, a person who has charisma only knows the inner goals and limits. Therefore, he or she takes on a role and requires obedient followers who recognize the importance of that role. For a charismatic leader, charisma signals a certain relationship between leaders and followers. In a sense, the followers allow the charismatics to emerge. In other words, followers form the charisma. Max Weber has long pointed out that it is impossible to formally label a charismatic man. Charisma is

not governed by form, it is not created by a well-regulated appointment or dismissal procedure (Painter-Morland & Bos, 2012).

Charismatic authority is "power legitimised based on the exceptional personal qualities of a leader or the demonstration of extraordinary insight and performance that encourage the loyalty and obedience of followers" (Kendall, 2000, pp. 438-439). As such, it rests almost exclusively on the leader. The absence of this leader for any reason may lead to the termination of the authority. Unlike the current popular use of the term charismatic leader, Weber did not perceive charismatic authority as the character traits of a charismatic leader, but as a relationship between a leader and his followers. It is a recognition that psychologically equates to total personal surrender, full faith, born of either enthusiasm or need, and hope.

„A Weber-style charismatic leader need not be a positive force“ (Beckert, Zafirovski, 2006, p.53) Both Benito Mussolini and Adolf Hitler can reasonably be considered charismatic leaders. In addition, sociology is neutral to various forms of charismatic domination: it makes no distinction between charism. For Weber, sociology considers these types of charismatic domination "in the same way as the charism of heroes, prophets," the greatest "saviors according to universal acceptance." (Weber, 1992, p. 325)

In politics, the charismatic government often occurs in various authoritarian states, autocracies, dictatorships, and theocracies. For these regimes to help maintain their charismatic authority, they often create an extensive cult of personality that can be seen as an attempt to gain legitimacy by invoking other forms of authority. When a leader of such a state dies or leaves office and a new charismatic leader does not appear, such a regime is likely to fall shortly after, since it has not been routinised. (Weber, 1992)

Words that are often used in combination with leadership have religious or spiritual connotations: "charismatic leadership," "visionary leadership," "inspirational leadership," "servant leadership," "missionary leadership," etc. Most people accept this kind of concept, while they would not easily accept concepts such as "intellectual leadership", "scientific leadership" or "learned leadership". The prominent American historian Richard Hofstadter pointed out that intellectualism is considered a danger of good leadership, at least in the United States, but also elsewhere. This is because it allegedly undermines what Hofstadter calls a character. For most people, living and working is really important. Intellectual procrastination is not interesting for them (Painter-Morland & Bos, 2012).

According to Hofstadter, part of the problem with popular leadership thinking in the United States is that it has long suffered from an excessive commitment to practicality. This practical bias emphasises not only the brain but also the heart. In other words, deep irrationalism is emerging, and with it several religious images. That is if we are to believe Hofstadter's opinion that values and goals become more important than thinking. The privilege of value and purpose over thought and reason explains why the character is considered more important than wisdom and intellect (Painter-Morland & Bos, 2012).

Hofstadter's findings point out that our inclination to charismatic leaders is part of the problem of leadership in modern society. Nowadays, many incompetent leaders have been able to convince us that they are better than they are. One of the reasons is our lack of rationality during the process of leader-picking. We cannot see the difference between self-confidence and competence. We like to follow narcissistic, megalomaniac visionaries because they touch our own narcissism. This is due to our affection for charismatic individualists. Their obsession with themselves leads them to make risky decisions without empathy. Good leaders should keep their narcissism under control, be competent and empathetic. If we want to increase the competence of our leaders, we must first increase our own competence in their selection.

According to Weber, there are two ways of thinking about politics as a profession. Similarly, there are two ways a politician can do his or her job. Either he or she lives *for* politics or *from* politics.

„Anyone who lives for politics makes this his life in an inward sense either enjoying the naked possession of the power he exercises or feeding his inner balance and self-esteem from the sense that he is giving his life meaning and purpose by devoting it to a cause.” (Weber, 1965, p.19)

The politician who lives for politics makes his or her life based on it, works because of his or her convictions, and is not economically dependent on his function. This is usually a person who has a sufficient source of income. Politics as a profession concerns the politician whose main effort is to make politics the main source of his or her income. A politician living from politics can be an official, the source of his or her income is fees and benefits for certain acts or tips. “Then the politician receives either income from fees and perquisites for specific services tips and bribes are only an irregular and formally illegal variant of this category of income or a fixed income in kind, a money salary, or both.” (Weber, 1965 p. 6)

According to Weber, the better the politician, the better the services he or she offers, the more popular he or she will be, and the more voters will choose him or her. Such politician strives for higher specialization and qualification. This should reduce the risk of the leading person becoming a demagogue.

Not only demagogic expression but also professional competence was necessary, especially in England, as the parliament was under the scrutiny of the news and the public. These practices prevented a person who is only a demagogue from becoming a leader.

„The minister was simply the representative of the political power constellation; he had to represent these powerful political staffs and he had to take measure of the proposals of his subordinate expert officials or give them directive orders of a political nature.” ( Weber, 1965, p. 9)

In America at the beginning of the 19th century, it became a popular system where political victory elected its supporters to all federal offices. The fight for the presidency became even more important because the president had 300 to 400 thousand nominations in his hands. This system has existed with many flaws, such as a lack of skills, huge corruption, and waste that can only be endured by a country with unlimited economic opportunities. „Some parties, especially those in America since the disappearance of the old conflicts concerning the interpretation of the constitution, have become pure patronage parties handing out jobs and changing their material program according to the chances of grabbing votes.“ (Weber, 1965, p.7) In Germany, on the other hand, there was a professional office that made it impossible for members of parliament to advance. „To this must be added the tremendous importance of the trained expert officialdom in Germany. This factor determined the impotence of Parliament. Our officialdom was second to none in the world. This importance of the officialdom was accompanied by the fact that the officials claimed not only official positions but also cabinet positions for themselves.“ (Weber, 1965, p.30) Both systems did not catch on because they lacked convincing leaders. With a proportional electoral system, it is difficult to form such a leader.

Weber also mentions the division of officials into administrative and political officials.

“The development of politics into an organization which demanded training in the struggle for power, and in the methods of this struggle as developed by modern party policies, determined the separation of public functionaries into

two categories, which, however, are by no means rigidly but nevertheless distinctly separated. These categories are 'administrative' officials on the one hand, and 'political' officials on the other.“ ( Weber, 1965, p. 9)

The difference is that politicians can be arbitrarily reassigned, dismissed, while the functions of professional officials are often irreplaceable. The state executive power relies on a layer of scholars. A politician, unlike an official, does not have to specialize. Politics is specifically a segment of social life where politics is not bound by precise norms. To a large extent, it is a sphere that sets its own rules (Weber, 1965).

After the analysis of the social background, Weber describes several basic types of professional politicians. “We have seen that in the past 'professional politicians' developed through the struggle of the princes with the estates and that they served the princes. Let us briefly review the major types of these professional politicians”. (Weber, 1965, p. 9) The first category of politicians on which the monarch could rely were educated clergy. This was typical in India, China, Japan, and Christian countries of the Middle Ages. The second type consists of humanistically educated writers who became political advisers and especially political writers. In our country, this epoch has left a lasting impact on our education. The third strata were the court nobility, which could be used in political and diplomatic services. The fourth type is the lower nobility. This system saved England from bureaucracy. The fifth type, typical of the West, was educated lawyers based on Roman law. Thanks to their education, lawyers were able to lead effective logically justified propaganda. A lawyer can rely on strong arguments (Weber, 1965).

Weber also deals with political parties. Party supporters, of course, expect a personal reward for their support of the victory of their political leader, either financial or other. They expect that the demagogic activity of the personality will bring votes and mandates to the party, thus gaining power, expanding the chances of its followers, and achieving a targeted reward.

“Some parties, especially those in America since the disappearance of the old conflicts concerning the interpretation of the constitution, have become pure patronage parties handing out jobs and changing their material program according to the chances of grabbing votes.“ (Weber, 1965, p. 7)

Therefore, the success of most parties often depends on their demagogic and charismatic leaders.

According to Weber, the functioning of the entire political party requires a powerful bureaucratic apparatus, where the goal of every official is his or her progress to the highest goal: to become a member of parliament. The plebiscite dictator, chosen based on his demagogic abilities, rules the masses with the help of the entire party apparatus, and thus effectively stands above the entire parliament.

“They expect that the demagogic effect of the leader's personality during the election fight of the party will increase votes and mandates and thereby power, and, thereby, as far as possible, will extend opportunities to their followers to find the compensation for which they hope.” (Weber, 1965, p. 15)

However, all of the bureaucracy cannot avoid the corruption resulting from the political action of officials, which means that the parties change their program statements on the assumption of the greatest success of the electorate. Their goal is not political ethics, but the achievement of power or victory in elections. (Weber, 1965)

Weber in his work states the specific qualities that an ideal politician should have. Weber stresses the importance of these qualities in a person as a politician because the person has power over people and the socio-historical situation. The politician, therefore, has a lot of responsibility and is under a lot of pressure. Weber claims that for a politician to withstand all these circumstances, he or she should have the following three qualities: passion, sense of responsibility, and guesswork. In addition to these three ideal qualities, Weber speaks of three qualities that a politician should avoid by far, namely vanity, infidelity, and irresponsibility.

“The sin against the lofty spirit of his vocation, however, begins where this striving for power ceases to be objective and becomes purely personal self-intoxication, instead of exclusively entering the service of 'the cause.’” (Weber, 1965, p. 23)

It is important that politicians do not succumb to vanity and self-deception and do not abuse power for their benefit. The politician must first and foremost be passionate about the cause and take responsibility for the matter.

“The believer in an ethic of ultimate ends feels 'responsible' only for seeing to it that the flame of pure intentions is not quenched: for example, the flame of protesting against the injustice of the social order.” (Weber, 1965, p. 25)

Responsibility goes hand in hand with judgement. However, only a politician with a certain distance from situations can predict their outcomes. A politician cannot

lack internal involvement, but he or she must also have enough distance to be able to make rational decisions.

Weber says that the right politician should be persistent and not give up quickly if he or she wants to succeed. The politician should therefore persevere if there are difficulties in achieving the task. This is the meaning of passion and devotion for a given cause. A politician should always have faith in the matter that provides him or her internal support in his or her actions. Weber considers a sense of responsibility to the matter that we believe in, very important. In doing so, Weber seeks to appeal to politicians to use the means and opportunities they are entrusted with as sensibly and responsibly as possible and to be responsible not only for their cause but also for the people they represent and for the interests of their party. (Weber, 1965).

According to Weber, the most important feature of a politician is their ability to estimate. The absence of distance as such is one of the deadly sins of every politician, and it is one of the qualities that can be condemned as political incompetence. The politician should be strong enough to handle criticism without taking it to heart or as a personal attack. He or she should also be able to estimate the consequences of his or her actions and, based on the estimated consequences, decide whether these actions are worthwhile.

„Hence his distance to things and men. 'Lack of distance' per se is one of the deadly sins of every politician. It is one of those qualities the breeding of which will condemn the progeny of our intellectuals to political incapacity. “  
(Weber, 1965, p. 23)

It is important to mention that Weber realises that the ideal is impossible to achieve. That is why after his description of the ideal qualities of a political leader Weber adds a warning to politicians to avoid the pitfalls that try to make them servants of power.

### 3. Leadership in Economy

In this chapter, I will describe the phenomenon of leadership in economics, using the perspective of Joseph Alois Schumpeter. Joseph Alois Schumpeter (1883-1950) was an Austrian economist, economic historian, and author. He is regarded as one of the 20th century's greatest intellectuals. When Schumpeter was 30, he said he was trying to become: "Europe's best lover of beautiful women, Europe's best rider - and perhaps the world's best economist." He later claimed that he had achieved two of these three goals but did not specify which two.

Holman summarises the major influences on Schumpeter's theories: "J. A. Schumpeter always valued his teacher Böhm-Bawerk. However, for him, "The greatest economist of all time" was Léon Walras. Walras's theory of general equilibrium enchanted him. But he also respected Karl Marx for his vision of the historical mission of capitalism. " (Holman R., 1999, p. 280)

Schumpeter is best known for his theories on business cycles and the development of capitalist economies, and for introducing the concept of entrepreneurship. For Schumpeter, the entrepreneur had the most significant role in capitalism.

„ Capitalism is a mode of organizing economic life dominated by the profit-oriented use of wealth. Its precondition is a monetary economy since only money as abstract wealth drives the desire for continuous and unlimited gain typical of capitalism. However, the use of money is only a necessary, not a sufficient condition for capitalism. “ (Harrington et al., 2014, p. 44)

Schumpeter describes the entrepreneur as the source of innovation, which is the driving force of the economy. Schumpeter saw capitalism as a revolution that disrupted the old social and economic hierarchy. In capitalism, the entrepreneur is a revolutionary, who disrupts an old economic cycle by bringing innovations and thus creating dynamic changes.

Schumpeter's work puts emphasis on the character of a leader unlike most economic theories, which emphasise only the impersonal rules or quantitative relations among productive factors. Schumpeter does not speak directly about the ideal model of a leader like Weber but emphasises the unique characteristics that distinguish him or her from other business owners. Categories such as the position of the entrepreneur as an innovator, his or her attitude to the introduction of innovations, and the benefits

resulting from innovation activities will be clarified later in this chapter. The next section of the chapter will provide an insight into business profit. When does this profit arise and disappear, what are the sources of business profit?

The question of the entrepreneur was also pondered by Jean B. Say (1767-1832), an important representative of the Mill era in the development of the classical political economy. Associated with his name is the doctrine of the so-called Say's law of markets. Say emphasised the entrepreneur, who was not afraid to take business risks. He also tried to include this entrepreneur as the fourth factor of production in his analysis.

“Many authors later drew on his ideas, and one of them who elaborated this theory in more depth was J. A. Schumpeter. In the “Theory of Economic Development” (1912), Schumpeter came up with an original concept of the entrepreneur and his profit. For Schumpeter, a true businessman is a man of a special kind – a personified innovator. He is a man with the ability to bring innovations to the established stereotypes of the Misesian "circular economy" that disrupt these stereotypes. Schumpeterian innovations are the introduction of new technologies, new sales methods, the discovery of new production resources, the discovery of new markets, etc. However, the main type of innovation is the launch of new products.“ (Holman R., 1999, p. 281)

Schumpeter distinguishes between ordinary producers and traders, and on the other hand, between "entrepreneurs" as implementers of new combinations or innovations. According to Schumpeter, the function of entrepreneurs is to set the economy in motion. The stimulus for innovation is an extraordinary innovation profit for the entrepreneur, exceeding the usual level of costs, including normal profit. It should be noted here that in the *Theory of Economic Development*, Schumpeter considers "normal" or average profit to be part of the cost in the form of remuneration as a risk to the producer or trader.

At the beginning of capitalism, company owners performed the functions of entrepreneurs. Schumpeter, therefore, distinguishes between the person of the entrepreneur who is the implementer of the innovations, and the owner of the capital who takes the production risk. The entrepreneur takes the production risk only if he or she is at the same time the owner of the capital used in the production. According to Schumpeter, the function of the capital owner is only the financing of innovations. However, the entrepreneur not only bears the risk but must also overcome the resistance that the existing socio-economic environment places on the implementation of innovations. For this important role, the entrepreneur receives part of the created

value in the form of business profit. The source of profit is realized innovation, which represents a new combination of production factors. This new combination allows the production of goods at a lower cost than the original combination. New combinations of factors of production, based on innovation, are more advantageous than existing ones because they reduce costs.

Schumpeter elaborated his famous process of Creative Destruction: the selective mechanism exerted in the recession and depression phases of the cycle. Although this process has a short-term negative impact, Schumpeter regarded it as positive for long-run economic dynamics. Creative Destruction refers to the incessant endogenous mutation of the economic structure through the destruction of the old, established behaviour and plans, and the creation of new ones by entrepreneurs. (Legrand & Hagemann, 2017)

In his book *Theory of Economic Development* Schumpeter says that the production process is a combination of material and immaterial productive forces. Material productive forces are land and labour, the immaterial ones are conditioned by technical and social factors. The result is products. The product can be a consumer good for one person and a production good for another. Each product consists to some extent of natural resources and human strength. Consumer goods are the goal of the process, and their significance is that they must be consumed.

Clearly, there is an important difference between managing positions and workers. Management work is in a superior relation to workers, even in cases when the worker is also the team leader.

“The mere circumstance that ranks one worker above another in the industrial organization in a directing and superintending position, does not make his labour into something distinct. Even if the “leader” in this sense does not move a finger to contribute anything directly to production, he still performs indirect labour in the usual sense, exactly as, say, a watchman.” (Schumpeter, 1987, p. 87)

Management work is emphasised while the worker is equal to the value of the land and has the same function from an economic point of view. Management work contains an element of creativity, that is its main essence. If a self-employed person produces on his own account, he or she is the manager and the worker at the same time. Even when there is no economic difference in the function of the one who decides and the one who fulfils the displays, the function of decision-making and

fulfilling is an essential feature. The employee also has a certain degree of independence and in many situations, he or she must decide what to do and how to do it. The manager must also technically know how to do things, which is only slightly different from the employee. But the nature of work is prescribed by need or demand, not by some boss. Although the boss does not know what the market trends will be, he or she has learned to respond and predict their patterns. The boss is not the one to make demands and he or she subordinates to the market trends. The conduct of both parties is therefore dependent on similar rules. The consumer thus becomes the leader because he or she creates demand.

“Under our assumptions, therefore, the means of production and the productive process have in general no real leader, or rather the real leader is the consumer. The people who direct business firms only execute what is prescribed for them by wants or demand and by the given means and methods of production. Individuals have influence only as far as they are consumers, only in so far as they express a demand” (Schumpeter, 1987, p. 88).

If the business owner acts based on the influence of material necessity only, creative activity is missing. The business owner always fulfils the most intensive need. If he or she has no experience, he or she learns step by step. Such an owner will follow the same path until the new realities of the market force him or her to change the strategy.

Schumpeter argues that no production can be profitable because input costs absorb the full price of the final product. In production, only the values that are potential earnings in the future and the intention of production are realised. Future potential losses due to unexpected damage or natural disasters also pose a risk to the entrepreneur. The business owner can insure or secure machines against such a risk, but this will again increase his costs. Failure to consider future needs and address only current needs will pay off for the business owner. The empirical behaviour of an individual is not accidental but is based on available resources and needs to be met. The business owner gains experience from the previous period and repeats the business strategy until the conditions to be adapted change. Purchasing power is money. “All goods are dealt in at determined prices with only insignificant oscillations, so that every unit of money may be considered as going the same way in every period” (Schumpeter, 1987, p. 189). The value of money is expressed in goods that we can buy. “If we neglect, as unessential, the value of the material of the

monetary units, the purchasing power then really represents nothing but existing goods” (Schumpeter, 1987, p. 187).

Schumpeter's theory describes how business owners react to given conditions and shows that those reactions are unambiguously determined. The method remains unchanged until the necessities change because those have to be adapted to meet the needs as fully as possible. "That is why we are talking about a non-dynamic, passive, circumstances-conditioned, stationary, i.e. static economy. “ (Schumpeter, 1987, p. 171) Wherever we see people producing, they always start with some amount of goods that can be divided into labour and land, but the problem is how those goods accumulate. All types of economic subjects are missing in this interpretation of the static economy. Especially entrepreneurs.

So far, we have focused only on the worker and the landowner. There is no extra value or a function from which business reward can come. "We call entrepreneurs economic entities whose task is to promote new combinations, and which are an active element." (Schumpeter, 1987, p. 207) The ownership of a company is not essential for us in our research. Although entrepreneurs tend to refer to a wider group of people who own stocks or participate in the financing of a business, this is not our definition of an entrepreneur.

B. Say (1803) defined the function of an entrepreneur is to connect and combine production factors.

“An entrepreneur is an economic agent who unites all means of production—land of one, the labour of another and the capital of yet another—and thus produces a product. By selling the product in the market, he pays rent of land, wages to labour, interest on capital and what remains is his profit. He shifts economic resources out of an area of lower and into an area of higher productivity and greater yield demand” (J.B. Say. 1803, p. 138–139).

Uncovering the sociological and economic essence of the entrepreneur will not make it easier for us to realise the historical development, but harder. In the past, this role was occupied by various leaders or nobles, but it is more difficult to separate them from the owner of capital and the entrepreneur. In our definition, we insist that an entrepreneur is an entrepreneur at the moment when he or she actively creates and promotes new combinations and stops being an entrepreneur if he or she has already fulfilled this role. In the basic economic cycle, an individual behaves according to expectations, experience, and established patterns. “While in the general cycle it floats downstream when it wants to change its flow, it floats against the current. What used to be support

is now becoming an obstacle." (Schumpeter, 1987, p. 215). The difference is that even though other economic subjects do not lack rational thinking, they always behave according to the usual expectations and change process only under the influence of external circumstances. "The promotion of new combinations is, therefore, a special function and privilege of people, of whom there are far fewer than those who would have an external opportunity to do so." (Schumpeter, 1987, p. 217)

Entrepreneurs, therefore, represent a special type of economic subject, and their actions are a special phenomenon. Therefore, we see in scientific theories there are visible opposites of statics and dynamics, economists and entrepreneurs, balance and change. As with other leaders, who stand at the head of the masses and the determination goes from them to below-average levels. Therefore, not only is leadership a special function but also a leader in something different.

In both ordinary and economic life, acting according to established thinking is more economical. One does not expend the same amount of energy in creating something new as in using something already created. It is as different as building a road and following a road. Leadership consists of energy-intensive decisions in situations outside of routine. The entrepreneur acts based on his or her acumen when he or she often has no idea of the way in which he or she sees solutions, and they may conflict with common practice and rationality (Schumpeter, 2021). Copying the established methods is easier, even if it is no longer practical. A fixed habit of thinking saves life energy by being resistant to criticism and providing answers automatically. Therefore, if an entrepreneur wants to enforce a new plan, he needs to overcome the habitual path, the pressure of the environment, and the stereotype, to find enough energy to enforce the new combination in addition to daily mayors and see in it a real possibility not only a dream or a game. Then we need to add the legal obstacles and pressure from competition. The entrepreneur does not come up with new possibilities, these possibilities exist but they are dead. The entrepreneur will revive and implement them.

"The type of leader is characterized by the fact that he looks at things in a special way, the main role is not the intellect, but rather the will, the ability to go ahead alone. He does not consider uncertainty and resistance as counterarguments. His influence on others can be called authority, seriousness, obedience." ( Schumpeter, 1987, p. 224)

The successful promotion of new combinations provides an extra value not only in capitalism but also in systems where the circular economy flow is closed. Therefore, surplus value is a condition for development in the private and national economies. The manager and the production goods are equally needed, so we can perceive him or her as the third production asset. On this basis, the extra value must be added to the final product. “All categories of value acquire their purpose only through competition, either competition of the values of goods or competition of production entities.” (Schumpeter, 1987, p. 326)

However, business profit is not equal to wages. It is a value expression of what an entrepreneur creates. Wages are determined by marginal labour productivity, while business profit is the obvious exception of this law. The entrepreneur initially uses success only for himself or herself, but the profit causes a wage increase. While the wage is fixed, business profit is not. Entrepreneurial activity is tied to new creativity, and as soon as it does not create, it loses its reward. Unspent business profits go to the acquisition of assets, so we can say that it is the business activity that creates most assets. As the weak motives of entrepreneurs to gain profit and innovation are replaced by automation, so does the business function lose its meaning.

Today, when businesses are realised more and more in the online sphere, the entrepreneur in the sense described by Schumpeter is gradually disappearing. Today, most money is invested in stocks and cryptocurrencies that generate profits. I would like to exemplify an entrepreneur who accomplishes the criteria of Schumpeter's definition of a skilled innovator.

Tomáš Baťa became a pioneer in the Czech business before he became a famous entrepreneur in several countries. Baťa started his business in the Czech Republic, where he became a leading footwear manufacturer for the army during the first world war. After the war, he got through economic loss, which made him switch to serial footwear manufacture affordable for ordinary people. This manufacture was able to produce at low costs because employees agreed on salary reduction in exchange for other benefits like remarkable discounts on food, clothing, living, and other necessary things alongside the opportunity to become a stakeholder in the company. With the arrival of communism in Eastern Europe, Baťa lost most of his factories in the Czech Republic because of nationalizing. Therefore, he moved his residence to Toronto in Canada and later to Lausanne in Switzerland with big plans of global expansion.

“Wherever Bata moved, it was welcomed as an agent of change with a mission to sell affordable shoes of good quality to the less affluent. Often the company represented a challenge to less innovative incumbent shoe producers in their regions of investment. Incumbents resented Bata’s ability to scale shoe production and, with it, expand the supply of shoes leading to lower prices.” (Aerni, 2018, p. 81)

Batism was built on holding all necessary materials for manufacture, instruments for production, and the ability to secure the market. That is why he trained his employees to cherish the company as if it were their own. He chose a completely different approach towards his employees in comparison to other companies in the Czech Republic. Baťa brought a lot of inspiration, innovation, and the newest trends in the footwear manufacturing area from his journeys to other countries. He knew that content employees are the best working ones. During the cold war, Baťa expanded his business into Africa, where he identified important economic opportunities because of their unsatisfied demand for footwear.

“People recognized the value of Bata not just as a local employer but also a local stakeholder concerned with the health, the education, the skills and the economic situation of the local population.” (Aerni, 2018, p. 82)

That is why it’s not surprising that “bata” means shoe in many African languages.

“Besides, Bata recognized the value of ensuring that employees work in a healthy and safe environment, which subsequently also influenced the workers’ private lifestyles, attributing more importance to hygiene. All the endeavours of the company to improve their employees’ lives triggered the aspiration of local families for a better future.” (Aerni, 2018, p. 83)

Tomáš Baťa was self-educated, he built an imperium out of nothing, and his legacy still lives 79 years after his death.

#### **4. The Problem with Leadership in Modern Society**

In the last chapter, I will present the problem of hierarchies and leadership in modern society. The theory of elites is on the rise today because it describes a current social phenomenon in which the privileged class lives in isolation from the rest of society. It is no longer about inequality but the absolute incomparability of those at the top and those at the bottom of society. Elites are becoming more and more closed off and have their own schools, banks, and services. A common explanation is that closed elites do not have to be open to new ideas. The values and priorities of the elite thus conflict with the values and priorities of society as a whole. As a result, they are increasingly moving away from the original purpose of hierarchies. Hierarchies were originally intended to serve an efficient division of labour and the flow of resources from those who have them to those who need them, thus increasing the wealth of society as a whole. The elite group should be aware of the interests of the whole society and make decisions based on that. Psychological factors such as the desire of an elite group to maintain their position led them to prioritize their own personal interests over the interests of society. Another psychological factor is the passivity of the controlled group. Most ordinary members have no interest in participating in the management of either a political party or an organization.

Schumpeter mentions the problem of the culmination of wealth in a certain class only. He argues that if an entrepreneur has acquired wealth through his abilities, it does not mean that the heir of this wealth will have the same qualities to improve it. Therefore, he sees the necessity in dynamics, where a skilled entrepreneur disrupts the static structure, and by innovation "steals" wealth from established layers. This is an assumption for a functioning economy where resources flow. Unfortunately, in modern society, this model of an entrepreneur is starting to disappear. Those who have assets invest their money instead of innovative entrepreneurs to funds and stocks that will bring them more profits, without any valuable work for the society. (Schumpeter, 2021)

In organisations with a large number of members, it is completely unrealistic and impossible for all members to participate in their management. Therefore, there is a need in mass organisations for leaders to represent the mass in leadership. Leaders are initially chosen by the mass and do not differ much from the rest. However, as the

number of members grows, there are significant changes in the political party and in general in any organization. Managing the operation of a large organization is very difficult, as it requires an ever-increasing division of labour. As a result of the greater division of labour, a strict hierarchy is formed (Keller, 2005). More and more authority is transferred to the leader because they have the necessary knowledge and skills to manage the organization. Leaders and members of the bureaucracy are fundamentally moving away from the rest of the membership.

A political party has become the source of their income, on which they are existentially dependent (Keller, 2005). Leaders have united their entire material existence with the party and therefore strive to maintain themselves in the leadership of the party, which has brought them not only material gain but also social prestige (Michels, 1931). The leaders begin to subdue the political organization and identify the interests of the organization with their own interests. Thus, the dark side of organizations is their hidden tendency to oligarchize. So we see the presence of the need for oligarchies in every organization. Therefore, I do not think it is relevant for modern society to ask whether the existence of hierarchy is ethical. Rather than that, I think the question is how we can force an elite group to behave ethically towards the rest of society. It is interesting that the elite class shows much higher class affiliation and thus empathy and cooperation with its members than the other social classes. It is possible to extend this empathetic approach to other social groups. I am skeptical that in the case of empathy, such a shift towards other classes is possible. So what other systems can be used to increase the moral approach of the ruling elite?

Another issue is the topic of elite leadership. The condition for successful leadership is to have followers, whom the leader is possible to lead. One of the crucial concepts connected to this topic is the charismatic leader. In the first half of the twentieth century, Max Weber was responsible for the permanent connection of these two concepts (charisma and leadership), since he conducted an analysis of leadership in various spheres of modern society. In accordance with his typology, Weber distinguished three ideal types of leadership, the first type is a traditional leader who relies on the authority of traditional succession rules, the second type is a bureaucratic leader who behaves rationally according to current rules and the third type is a charismatic leader who is embedded in society rather emotionally, acting based on what he or she feels is his or her mission in society. Such a leader often comes into conflict with common rational reasoning. Charismatic leaders do not usually belong to

the social elite, unlike other leaders, they are plebeian leaders who emerge from the margins of society. One of the basic duties of followers in a democratic system is a critical examination of leadership because granting and withdrawing leadership is an integral part of the role of the follower. Therefore, the starting point for a modern society is to focus on what criteria we choose our leaders. Instead of criteria such as education, intellect, or the competence of the leader, we often choose on the basis of charisma and unique qualities that the leader convinces us he has. Narcissism is often associated with leadership positions. The successful operation of organizations may also depend on whether leaders are able to shift experience to followers and not just promote their own interests. The roots of the word narcissism come from Greek mythology. Javanbakht offers an interesting interpretation of the well-known myth in a recent essay. It is possible to find various symbolism in looking at your image in the water. One possibility is that the individual has looked into his image and admires himself. The second option is to show the desire for an object that is not available. The third view represents the difficulty of making real contact (Javanbakht, 2006).

Modern leaders in various fields such as Donald Trump, Steve Jobs, challenge the status quo, promise a bright future, motivate others to follow their vision. Unfortunately, many of today's world leaders also meet the psychiatric classification of Narcissistic personality disorder. These leaders are overconfident, risk-seeking, manipulative. They show very little empathy and guilt. They know how to mobilize society to fulfil visions that involve dangerous and dark goals. The most extreme cases are Hitler or Osama bin Laden. In modern societies, a candidate with a narcissistic nature has a higher chance of becoming a leader than an opponent who is more qualified but lacks the confidence or charisma.

In a modern capitalist society, which is based on material dependence and personal independence, behavioural manifestations such as caring for future generations, productivity, creativity, and the interest in the well-being of the community are disappearing. Such a society supports the individualization of individuals, which leads to the egoization of their own interests. Increasing emphasis is placed on competitiveness, performance, and the tendency to get better. According to Schumpeter (2021), the real essence of democracy lies in ensuring a free competitive environment. But in modern society, this competitiveness is becoming a major challenge in life. Modern literature and media generate the cult of personality pursuing victory. The winners are those leaders who are unaware of their limits and

convince others of their above-standard qualities. Workaholism often hides behind their "excellent" work commitment.

So what are the starting points for the problem of leadership and hierarchies in modern society? From the examined, I think that the space in which change can occur is our criteria for selecting leaders. Increasing our critical thinking skills and thus becoming more critical of our own views, we could shift the choice of preferences from an emotional basis to rational. Then we may be able to select more competent, and even non-charismatic leaders, without narcissistic tendencies. As I have mentioned the necessity of hierarchies in society in my work, I think the question is how to force elite groups to behave ethically towards the rest of society. I think that the only option is that the closing elite starts to degenerate and lose their ability to rule. Therefore, they are forced to cooperate with talents from the lower classes. However, we know that talent is only one part of success because social conditions are also important. Our society should therefore try to ensure equal opportunities for all class groups and members.

## Conclusion

The topic of leadership is quite broad. It is almost impossible to include all crucial factors in one work. To understand the impact of the phenomenon of leadership in modern society, I studied how important classical authors perceived this topic. My work was descriptive. Therefore, the aim was not to prove the truth of their arguments but to explain the attitudes of selected authors on the topic. The first chapter describes hierarchies. After studying the works of A. Bejan and R. M. Sapolsky, I pointed out the necessity of hierarchies in society. The first chapter also includes a passage on the dangers of hierarchies, arriving at the conclusion that hierarchies move away from their original purpose: the effective division of labour, and become increasingly closed. Why the closure of hierarchies is a problem is explained by the theory of elites, which states that most of the world's wealth is culminating in the elite class. This means that most of the world's resources are in the hands of a small elite group of people. The existence of elites is associated with the phenomenon of leadership. The question arises as to what types of leaders we know and based on what criteria we choose our leaders. The second chapter, therefore, deals with the leader in politics. To describe this phenomenon, I chose the work of sociologist Max Weber, *Politics as a vocation*. Weber looked at this topic through the lens of the personal characteristic of the leader. He also considered the ethical side of leadership. As we live in a capitalist society, in the third chapter I looked at the theory of leadership in market economics. For the analysis of this phenomenon, I chose the work of J. A. Schumpeter. Unlike other economic number theories, Schumpeter focuses on the personal qualities of a leader in the economic market, which he equates to an entrepreneur. Schumpeter's views explain the difference between entrepreneurs and other economic subjects or shareholders. He considers the implementation of innovations that keep the economy moving forward to be the main role of the entrepreneur in society. I also offer a strong example of an innovative entrepreneur in a short profile of T. Bat'a. In the last chapter, I provide my reflection on the topic of leadership in today's society. I am aware of the need for hierarchies. I see the potential of the change of elite self-isolation in the need to cooperate with talents from other classes. I see another relevant course of action in influencing the choice of leaders by changing our own selection

criteria. We should choose our leaders based on qualifications and intelligence and be aware of our inclination towards charismatic and narcissistic leaders.

## Resumé

Téma vodcovstvo je veľmi široká a obsiahnuť ju celú v jednej práci je takmer nemožné. Tému vodcovstva som si vybrala, pretože v súčasnosti sú problémy vedenia ešte dôležitejšie ako predtým. Moja práca ma deskriptívny charakter. Nesnažím sa preto dať jednu konkrétnu odpoveď na tento problém, ale opísať ako leadership a jeho úlohu v spoločnosti vnímali významní klasickí autori. Po preštudovaní prác A. Bejana a R. M. Sapolského v prvej kapitole poukazujem na nevyhnutnosť hierarchií v spoločnosti. Preto sú nevyhnutní aj vodcovia. Hierarchie pôvodne pravdepodobne slúžili na účel efektívnej deľby práce. Vytvorila sa však elitná skupina, ktorú od zvyšku spoločnosti delí stále väčšia priepasť. Nehovoríme iba o nerovnosti medzi týmito triedami, ale o tom, že sa vytvárajú až úplné paralelné svety. Elity sú čoraz uzavretejšie a nezávislejšie. To hovorí o nefunkčnosti hierarchií, kde by mali prostriedky prúdiť od tých, ktorí ich majú, k tým, ktorí ich potrebujú, a tak zvyšovať blaho celej spoločnosti. Ak zdroje takto neprúdia, hierarchia začína degradovať. Svoju kapitolu doplním prácou Františka Novosáda, ktorá vysvetľuje, ako charakter spoločnosti určuje to, ako pristupuje k talentom z nižších vrstiev.

Existencia elít je spojená s fenoménom líderstva. Preto sa v druhej kapitole sústredím na lídrov v oblasti politiky. Na opísanie tohto fenoménu som si vybrala dielo sociológa Maxa Webera, *Politika ako povolanie*. Vybrala som si tohto autora, pretože kladie dôraz aj na osobný faktor lídra, čím sa odlišuje od ostatných teoretikov. Max Weber, vo svojom diele *Politika ako povolanie* opisuje rôzne typy vedenia, pričom kladie najväčší dôraz na autoritu, ktorá pochádza z charizmy vodcu.

V tretej kapitole popíšem fenomén lídra v trhovej ekonomike z pohľadu Josepha Aloisa Schumpetera. Vybrala som si J.A. Schumpetera, pretože podobne ako M. Weber kladie dôraz na osobný charakter lídrov v trhovej ekonomike a nielen na číselné parametre. J.A. Schumpeter vidí ako ústrednú postavu v ekonomickom rozvoji podnikateľa, ktorý implementuje inovácie. Tvrdí, že pri statickom ekonomickom cykle nie je priestor na podnikateľský zisk, pretože náklady na prácu a suroviny pohltnú celú odmenu za výsledný produkt. Priestor na podnikateľský zisk nastáva iba v momente inovácie a tým pádom narušenia statickej ekonomiky. Podnikateľ je preto podnikateľom iba v období, v ktorom zavádza inováciu, čo ho odlišuje od ostatných hospodárskych subjektov alebo vlastníkov podielu. Po každej inovácii prichádza duplikácia, táto súťaž

ženie trh stále dopredu. Ako príklad Schumpeterovho modelu inovatívneho podnikateľa uvádzam podnikanie Tomáša Baťa.

V poslednej kapitole si kladiem otázku, čo je možné z tohto teoretického základu implementovať do modernej spoločnosti. Východisko pre problém s uzavretosťou elit vidím v nutnosti ich spolupráce s talentami s ostatnými triednymi vrstvami, keďže talenty nie sú kulminované iba v horných vrstvách, ale naprieč celou spoločnosťou. Bez spolupráce s týmito talentami by elitný dedič bohatsva rýchlo o svoj majetok prišiel a nedokázal by ho zhodnotiť, pretože málokedy zdedí aj schopnosti svojho predchodcu, ktorý majetok vytvoril. Výber vodcov môžeme ovplyvniť hlavne zmenou vlastných kritérií ich výberu. Preto by sme sa mali svojich lídrov vyberať na základe kritérií, ako je napríklad kvalifikácia. Rovnako by sme si mali byť vedomí našej inklinácie k iracionálnemu výberu na základe charizmy vodcu, ktorá je častokrát spájaná s narcistickými tendenciami vodcu.

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Diana Samolejová: The Problem of Leadership in Modern Society

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