

THE NEUROSCIENCE OF LEADERSHIP

By **Ian Rheeder, CM (SA), MSc Leadership**

Understanding the topic of leadership has never been more important. Through leadership, things either improve or decay. After interviewing 649 leaders, Ian Rheeder synthesised his findings into a simple, yet extremely powerful model – *trust, engagement and competence* (TEC System). These three interconnected domains offer an elegant tool to track and measure a leader's behaviour. Fittingly, neuroscience has spawned an avalanche of discoveries supporting the TEC Leadership System.

Background

Modern neuroscience has exposed that we are primarily a social species. And in the boardroom, because of these associated primeval caveman reflexes to connect, we are not half as rational as we think we are.

We now know that people have an unconscious repulsion to being persuaded. Nobody likes being 'sold to'. Fortunately, neuroscience has also exposed that people are strongly motivated by the emotional engagement of trustworthy relationships. So how do we persuade, and get cooperation, without *forcing* someone to comply? Let's now look at how leaders, using the three TEC domains, will achieve great heights.

→ **TRUST**
Reputational Capital to Develop Mutual Trust

Trust is the overarching prerequisite of all relationships (the 'foot in the door'), and in an uncertain world, there is an increasing need for the emotion of trust. At a neurobiological level, trust produces the bonding hormone oxytocin. Studying the TEC Leadership diagram (below), it's interestingly to note that both emotional engagement and competence fuel the trust segment.



Fig 1: TEC Leadership System:

Leadership Capital

- Trust (reputational capital)
- + Engagement (relational capital)
- + Competence (managerial capital)

Neuroeconomist Paul Zak's studies show that people are motivated by returning favours, just as much as raw self-interest. We're foremost social creatures. When trust is displayed (i.e. a genuine smile, compassion), we are hardwired to reciprocate and return the favour. Thus, by engaging with people at this emotional-oxytocin level, the interest in the leader's message escalates, and so too does the follower's need to reciprocate the favour.

TEC Leadership System: Copyright Ian Rheeder

No cultural connection or intentional shared values emanating from the top – then no bottom-line results.

No matter how great and clear the vision, if the people don't first buy-in to the leader (clear values, clear principles), they will not be inclined to walk the untrustworthy road to that perfect vision. Leadership is an inside-out thing. By a strong self-awareness of their values or principles (their culture), the leader's actions are authentically aligned. Professor of psychology Robert Plutchik singled out *trust* as one of the eight basic emotions we feel, and said that

the opposite emotion of trust is *disgust*. The opposite of a *high-trust leader* should therefore be described as a *high-disgust leader*. Over the long haul, a credible character is key — know how to build trust (ref. Fig 1: TEC Leadership System).

Because of our primary survival need for *clarity or certainty*, we either box people as ‘I trust you’, or ‘I have *disgust* for you’. There is no lukewarm state of indifference. This sheds light on why most customers who defect, defect to the opposition just because of indifference (lukewarmness). In other words, if there is no evidence of trust, the feeling of disgust sets in. Nature’s survival mechanism has just programmed us this way.

→ ENGAGEMENT

Relational capital, typical of the transformational leadership style

Followers should come to work because they want to. Not because they have to. Let’s explain how an *engaging leader* puts their group onto a natural high. Interestingly, snorting cocaine also leads to an increase in *serotonergic*, *noradrenergic* (adrenaline), and *dopaminergic neurotransmissions*. And like it or not, transformational leadership is a placebo.

What do you think Barack Obama did with his charismatic speeches? “Yes We Can!” But could he really do it, and could his followers do it too? Many top leaders, in spite of their excellent credentials and competencies, cannot get the vote today without the placebo of a great emotional speech—a vision. That is ridiculous when you really think about it. But for better or worse, you should now start appreciating how the hype of *inspirational transformational leadership* works. Because of the neurobiological affect it has on us (ref. TEC diagram), emotional engagement is key.



LET’S NOW TAKE THIS ‘SOFT’ TRANSFORMATIONAL HYPE, AND BOLSTER IT WITH ‘HARD’ COMPETENCE.

→ COMPETENCE

Managerial capital, typical of a transactional leadership style

In the book *The Psychology of Leadership* (2005), Tom Tyler warns that leadership should not only be about “motivating” the group, but also should “set goals for the group (vision)” and “structure the organisation so that it can effectively attain those goals (implementation).” Hence, after all is said and done, decisive action counts the most. It’s important to remind ourselves that Peter Drucker also said: “Leadership is all about results.” This does not mean the leader should use fear to motivate, but rather keep followers appropriately challenged and productive. The leader’s observed competence – their *expert power* – excitedly keeps their team on their toes, watchful and vigilant (ref. Fig. 1, producing norepinephrine). Here the leader *influences* more than *inspires*. Steve Jobs was rude and rough, but his observable competence and vision built trust. Elon Musk monitored the changing environment, engaged his people with impact, and took decisive action. Norepinephrine activates the amygdalae, which activates the locus coeruleus, which activates the cortex, putting us in a fairly alert and energetic mode (Sapolsky, 2017:43).

Leadership and management are flip sides of the same coin. Remember that a transformational leader keeps their followers’ ‘chins-up’ – excited about the shared vision; and a transactional manager keeps their ‘chins-down’ – energised to implement the mission.



GET TO KNOW THEIR VALUES, THEIR VISION AND THEIR CAPABILITIES. IF YOU DO THIS, THERE WILL BE TRUST; AND IF YOU HAVE TRUST, YOU CAN START TO LEAD.

SUMMARY

The definition of an excellent TEC Leader now becomes clear: A great leader is **trusted** and emotionally **engaged** with their group, and because of their appropriate **competencies** and contextual mindfulness, they can intuit decisions and implement superior solutions **faster** than their rivals.

FEES CHARGED FOR LEGAL SERVICES

Written by **Franci Leppan**, Director at Leppan Attorneys

The question is often asked about how legal practitioners charge for their legal services. This simple question often has a rather long and sometimes complicated answer, and this article provides a high-level overview on how legal fees are charged.

Legal fees charged for legal services rendered are categorised into regulated areas and non-regulated areas.

Regulated Areas

These are legal fees in certain spheres of law such as conveyancing and notarial work. Deceased and insolvent estates are regulated by tariffs.

Conveyancing and Notarial Work

The fees charged for conveyancing and notarial work are subject to the applicable tariffs as set out in the Deeds Registries Act, Act 37 of 1937 (as amended). Legal practitioners do, however, have some leeway in terms of negotiating fees charged to a client. For example, bulk registrations of bonds or property transfers are often done at reduced rates and antenuptial contracts are occasionally drawn up as wedding gifts to clients.

Deceased and Insolvent Estates

Legal fees chargeable by legal practitioners who attend to the winding-up of deceased estates are regulated by the Administration of Estates Act, Act 66 of 1965 (as amended). However, the winding-up of deceased estates no longer falls exclusively within the domain of legal practitioners. Banks and other non-legal practitioners are now also strong competitors in this market – resulting in the fees charged by parties other than legal practitioners being negotiable.

Insolvency practitioners are guided by the tariffs set out in the Insolvency Act, Act 24 of 1936 (as amended) in terms of the fees charged for services rendered.

Non-Regulated Areas

Legal practitioners, like most professionals, bill their clients at an hourly rate. It is simply impossible to accurately define a ‘fair fee’, without reference to specific work performed, the sphere of law and the particular circumstances.

Fast-evolving areas such as Cyber Law and Constitutional and Banking Law require specific expertise and knowl-

edge, which consequently justify higher fees. A legal practitioner with many years’ experience can command significantly higher fees than a junior general practitioner. The seniority, experience and particular expertise of a legal practitioner are the most fundamental criteria when estimating and evaluating fees.

Assessing fees charged

The Legal Practice Council’s Code of Conduct, as published in the Government Gazette on 29 March 2019, directs in Rule 18.7 that overreaching or overcharging of a client should be assessed against the circumstances of the matter and the reasonableness of the fee charged.

In practice, fee agreements are often signed at the inception of the matter, containing a schedule of fees charged and the terms upon which the mandate is accepted. A client can also tacitly agree to the rate charged by a legal practitioner by simply paying an invoice without dispute.

If a client is unhappy with the fees charged by a legal practitioner, the available options depend on the nature of the underlying matter. In non-litigious matters, the fees can be referred for an assessment, by way of a fees enquiry, to the Legal Practice Council. In litigious matters, fees can be referred for either taxation by the Clerk of the Magistrates’ Court or the Taxing Master of the High Court; alternatively a fees enquiry by the Legal Practice Council.

In litigation and court matters, if fees are challenged and there is no mandate in place, they are assessed against the tariff applicable in the Magistrates’ Court or High Court. Accordingly, this tariff is the default position for charging fees. These tariffs are, however, used mainly for taxation of legal costs in the event of successful litigation.

The way forward

The South African Law Reform Commission was mandated, in terms of Section 35 of the Legal Practice Act, Act 28 of 2014 (as amended), to investigate and report back, within a two-year period, on how legal services and the charges in relation thereto may be transformed in order to promote, amongst other issues, the improvement of access to justice by members of the public. Until such time as this investigation is completed, the position as set out above will remain as status quo.