A Sociological Approach Concerning Leadership: How CEO and the Masses Behave

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The article focuses on the importance of analyzing leadership as part of a sociological issue rather than a management issue. This approach reflects that the leadership in multinationals is a social leadership, that has its effects in the different aspects of society. The article also states that the mass movement in societies is key since globalization and that handling it as an important issue in the management aspects of business will impact the development of the companies.

Key words: sociology, leadership, masses, CEO, economy

INTRODUCTION

Handling the masses is an important aspect when considering a CEO. A CEO is an important asset when engaging in branding because the masses look at him as part of the product or the concept behind the brand. Some CEO’s are keynote speakers when presenting their products others are the face in the product and others are those experimenting the product before it works. Cases such as Steve Jobs, Richard Branson or Bill Gates understand the masses and know that they are in the eye of the masses. They are being observed and their behavior, health and thoughts can alter the situation within company and even destroy them.

Because of this it is important to understand the mass and how to lead them. Many investigation focus on the client as a person, in this case the analysis is based on the mass as a whole and from a sociological aspect. The reason for engaging a sociological approach is based on the fact that the consumer acts as a group under certain situations and these situations occur every time more and more because of globalization and the mass media. This is certain if you consider that 85% of a CEO time is spent engaging conversations with other people. 42% of the time is spent with insiders and 25% with insiders and outsiders and 16% with outsiders alone. (Bandeira, Guiso, Prat, & Sadun, 2011)

For this reason, the mass has to be considers as a group of persons that are aware of their existence and of their purpose. Sometimes mass behavior can have tendencies that are chaotic while others have a tendency create solutions and engage in changes. For this reason, the consumer as a mass has to be understood as an individualistic crowd.

An individualistic crowd is a mass movement in which the individual has conscience of their preference and their needs as an individual but share them as a group. Godin (2003) described in his book the purple cow that there is a group of early adapters called “sneezers” and that this early
adapter are the ones that lead the branding because they engage what might be called the individualistic crowd and express the importance of the product and why this crowd or mass should buy it.

The chapter analyzes four classic texts on crowd behavior with a sociological perspective to transform this knowledge into business application. The first text was written by Etienne de la Boétie in 1548 and it is called “discourse of the voluntary servitude” with is a critic based on a society dominated by tyrants and how individuality was important for obtaining freedom. The second text is the masterpiece by José Ortega y Gasset titled “Rebellion of the masses” which centers in the importance of individuality and the value of being one and not a mass. The mass is vulgar but the individual can be refined but the mass is anonymous and the individual is not. Ortega y Gasset focuses on the importance of the individual as a unique consumer and not as a mass market.

The third book that the analysis focus is Erich Fromm book titled “The fear of freedom” that explains why the individual approaches the masses and why sacrifice being and individual to be a crows often sacrifices freedom. The fourth book balances Fromm’s perspective on mass behavior and it is David Riesman “The lonely crowd” which focuses on the individualistic view and the search for identity.

The reason for analyzing these books written in different centuries is that consumers find themselves reflected in the product, in the service of a company and in it’s CEO’s behavior. Therefore, it is important to understand how the CEO can influence individuality in an era that the markets are looking for a niche rather than to standardize.

**DEFINING THE MASSES**

Masses can be defined as a group of people that can influence in the course of an event. (Española, 2011) The concept expresses that this group of people are capable of influencing the course of an event but it can also be a product or a novelty. Based on this definition one can understand that the mass had to accept cellphones for them to be a communication reality. This also explains why the radio communicators have developed slowly meanwhile the smartphones are advancing at an impressive technological rate.

Another aspect of the masses is based on the fact that the individual when entering the group doesn’t feel anguished that there are lossoing their individuality. (Gasset, 1930) If a clients or costumer were anguished that buying a product was lossoing the individuality and not being a part of a group, markets would be more complicated or more expensive. Fromm (1941) added that the main reason for an individual for entering the mass is the sense of pertaining. For this reason, the CEO is an important aspect when engaging the mass because if the CEO does not reflect the product he is selling or the mass the product has created it is certainly difficult for the mass to follow him. Therefore, the importance of the CEO’s image such as his cloth, the car and the way he speaks. For example, the important of Steve Job’s New Balance Shoes, black turtleneck, trimmed haircut or the Mercedes car without license plates because of a loophole in the leasing agreements. The mass has to believe that the CEO resembles the product or the client because the consumers want to pertain to the whole experience.

Because of this argument, the masses have different reasons for pertaining and maintaining their unity. The first reason is that masses can create a society. In history masses as society can be seen
in religious and armies during. Sighele (2002) stated that the masses have an emphatic behavior for reaching objectives or goals. The reason for this is that masses understand what they want as a society and there are not open for negation if the demands are not met. This can be understood under the concept of the “client is always right” since the mass that is using the service or product knows what to expect and what they want. A mistake that a CEO Henry Ford made when stating that his clients could choose whatever car they wanted if it was a Ford T50 that came in black. (Mayo, 2005) The example of Ford’s mistake is an important example of how the mass knew they wanted options when buying a car and that being force to buy only one model and one color was not acceptable, this mistake led Ford to loose important market shares when they were leaders in the automobile industry that they virtually created. The phenomenon continues since Time Magazine (2004) classified the Model T as one of the worst cars of all time and from 1990 to 2004 Ford is the car company with more cars on the list.

The second important aspect of the mass is the intellectual attraction between the individuals pertaining to the mass. Le Bon (1985) insisted that masses could be persuaded by leaders if the believed in the product, the concept or the leader itself. The leader had to express three important traits when talking to the masses being 1) affirmation, 2) repetition and 3) contagiousness. Considering the last trait could be mentioned as charisma or referred as the je ne sais quio that the leader has that makes him irresistible for the crowds. An example of this type of leader can be seen in Mark Cuban, the owner of the Dallas Mavericks and part of the TV program Shark Tank, known for his charisma and the risk taker attitude. The same would be the case of Sir Richard Branson leading the space expedition for persons that are not astronauts. The mass has an attraction to the intellect of the group as they are attracted concerning the interest and behavior of the individuals. For example, the wine tasting communities or the backpacker’s groups which give a niche to specific products for companies such as THE BUG or the Chilean Viña Concha y Toro with its wine Casillero del Diablo.

The third aspect is the importance of the individualistic tradition. Floyd Allport (1924) mentioned that a group behavior was based on the how the individual behaved, therefore if the individual was understood then the mass would be understood. The way we behave as an individual is often the way we behave as a mass because we are joining other individuals that search the same product or service and this leads to a common ground in the mass. A specific example is the Nike campaign based on running with slogans such as “Run Faster” or “Run Further, Run Together” are aimed for the society of runners that engage in marathons and triathlons. For this reason, the Nike’s CEO Mark Parker is known for rapid change and innovation trying to lead the market of running shoes by engaging in technology and R&D which are aspects that the client searches in the company. (Safian, 2012) Parker’s team understood that running is an individualistic tradition in which each runner is competing with himself for a better time but that in the end they form a society through their individuality, this is the reason why Nike+ has been a huge success since they created a community through social media communication to unite the mass under one brand.

UNDERSTANDING THE MASSES AND THE CEO’S ROLE

One of the main aspects that relates to the mass is that the individual is scared of being free. (Fromm, 1941) Sometimes the term of freedom is often associated as a fear for being alone or an individual, which leads to a preference in consumer. It is difficult to be an outsider in a trend or a mode when being a client for a company and because of this reason the individual searches for the mass, hence the term community. The clients want to be interrelated and they want to engage to receive the news from the CEO of the company. The idea of Apple streaming the Keynote, which is the demonstration of new products to designers and buyers, leads to the creation of a
community. As Greg Satell (2013) states in his Forbes column, it is common to buy a series of Apple product because it works together and when you find another person with an Apple product you see that person as part of your community. Because of this fear of being an individual there are communities for every product such as the Beach body community for the different exercise products such as P90X with Tony Horton or T25 by Shaun T so that the client can keep engaged with the product because there is benefit in the mass.

The fear of freedom can be compared with the fear of being independent or being separated from the exterior of the world. It is stated that we need the society to understand our own existence and the purpose of our individuality on the earth. (Riesman, 2001) The social media sites and games such as Facebook help us understand this phenomenon with 1.19 billion active users or Twitter with 215 million active users. (Smith, 2013)

The second important characteristic is the education of the mass as described before when analyzing why the individual wants to pertain to a certain group. The individual has two options based on the education and the importance of pertaining to a certain group and it is the education of the individual or the education of the mass as part of society. Charles Hill (2010) established that a person that lived in the United States was more individualistic when compared to the Japanese culture which is more oriented to family and society when engaging business. This is an example of how the education of the mass can be part of the society and lead the individual to behave based on a certain aspect or condition. For example, United Arab Emirates had a population of 4.6 million and 10.7 million of subscriptions to cellphones and 75 per 100 used Internet. (Stonington, 2011) If you compare the Hofstede rank (2013) of Arab Emirates considering individuality it states, “Arab Emirates, with a score of 25 is considered a collectivistic society. This is manifest in a close long-term commitment to the member 'group', be that a family, extended family, or extended relationships. Loyalty in a collectivist culture is paramount, and over-rides most other societal rules and regulations. The society fosters strong relationships where everyone takes responsibility for fellow members of their group. In collectivist societies offence leads to shame and loss of face, employer/employee relationships are perceived in moral terms (like a family link); hiring and promotion decisions take account of the employee’s in-group, management is the management of groups.”

This demonstrates that the education of the mass to be collectivist or individualist can demonstrate the importance of a CEO when speaking to the public or engaging in business. For example, Sheikh Ahmed bin Saeed Al Maktoum, CEO of the Emirates Group is known for engaging in one on one negotiations as well as attending forums such as the World Expo 2020 and is a public figure because for his society this is an important aspect or trait when analyzing businesses.

Certainly the education of the mass affects the behavior of the CEO. The mass understands the importance of the leader behind the brand and this is recognized in society and the CEO becomes a public figure. The other aspect is that the CEO is not know in the society and therefore is not used as a reference when analyzing the product. The problem of this last scenario is that if the society is educated to value collectivism the brands need to implement a CEO branding that is strong and personal. Ortega Y Gasset (1930) insisted that the crowd could force a society, in this case a company, to choose a person that is not apt to be a leader or that is against the managerial model that the company handles just because the company succumbs under pressure. Robinson (2006) explained that not choosing the right person for leading a country or a company leads to the loss of money and a social setback. Kerrie Main (2010) added that if the person set for a position as leader or CEO is not the right person there will be three important repercussions: 1) setbacks, 2) loss of money and 3) lost of trust.
In 2012, Louise Lavelle (2012) wrote an article for Bloomberg with the title “The Worst CEOs of 2012” and in the 5th position was Bankia’s CEO for 2012 Rodrigo Rato. Bankia reported in 2011 a profit of 309 million euros and after Rato’s resignation this amount was restated to a 3 billion euros’ loss. The CEO was under investigation for fraud, price-fixing and embezzlement. Since the news Bankia’s stock has fallen dramatically and there is not a sign of recuperation.

Graph 1 – Bankia Stock Report 2011 - 2013(BKIA)

Source: Yahoo Finance (2013)

The case of Rodrigo Rato is a demonstration that the less apt person can affect drastically the situation of a company and mainly the trust that the client has in the product they were offering.

Another important aspect that a CEO should consider when addressing the masses is the environment of the mass. In the case of Boéte (1548) he illustrated that tyranny and slavery were aspects that affected the masses and caused them to become violent. Other aspects such the ones mentioned by Fromm (1941) were the lack of opportunities for growth and for a better social position.

Ortega y Gasset (1930) mentioned that there were three important factors that created the new world being 1) democracy, 2) scientific experiments and 3) industrialism. Now a day’s globalization and social media have become important aspects for the growth of companies and economy and for this reason the CEO is expected to be more dynamic and interactive. According to an article of Online MBA (2012) the top 5 CEO’s to follow on twitter are as follow:

1. Dick Costolo – CEO of Twitter with 1 million 149 thousand followers.
2. Jack Dorsey – Twitter Founder with 2 million 500 approximate followers
3. Michael Dell – CEO of Dell with 626 thousand followers approximately.
4. Dennis Crowly – CEO of Foursquare with 71 thousand 731 followers
5. Tod Sacerdoti – CEO of Bright Roll with 186 thousand followers

An important aspect of these CEOs is that they tweet at least every 2 or three days with some information of their company, and advice or any other important aspect of their lives. This is the importance of considering the environment in which the company is doing business because this lets the client, the consumer and the fans of the brand to approach the CEO or to get inside the
CEO’s mind. If a CEO does not understand the environment in which the mass is acting and taking decisions it is going to be impossible to do an important approach to the client. The use of the radio, the television and now the social media allowed the different CEOs to engage in a more personal relation with the mass.

A perfect example of a CEO and branding concerning the environment was the decision of Backer Spielvolgel Bates agency to portray Davy Thomas, the founder and Chairman of Wendy’s, in advertisements so that the client could see what the company was all about. (Elliot, 1991) The decision of including Thomas in the advertising campaign made him a household name and 90% of the Americans knew who he was because of his participation in an approximate 800 commercials. Backer Spielvolgel Bates agency understood the environment the mass was following and it was TV, therefore by including him in the advertisement 9 out of every 10 Americans knew who he was and that is a branding you cannot compete with.

The personality of the individual was analyzed by Riesman (2001) stating that how the individual behaved influenced greatly the behavior of the mass. In this case Riesman explains that there are three types of personalities being those that focus on the internal aspects, the ones that focus on the external aspects and the traditionalist. The analysis was based on which personality is easier to leads towards a mass and what made the personalities different. The first personality, the traditionalist, is leader by emotion and influenced by shame. Traditional personality is motivated to be part of the mass because it is concerned of being rejected by not pertaining to the mass. They are focused on the society and the culture they live. The most important aspect for a traditionalist is that they are not left behind or out of group because this would be shameful. An example of this is the kind of costumer or client that buys a product just to fit in.

The second personality is the one that is direct to the internal aspects. The individuals focused on the internal are guided by work and by the objects and not by the persons in the society. In this case the individual is oriented to his own necessities and it is difficult that this personality engages in massive behavior because the focus on being individualist.

The third type of personality is the one directed to the external and that focuses entirely on society. They cannot live in solitude or behave individualist because they will always look for company and they will follow the rules to be accepted by society. When this personality works they are focused on the person and not on the work and are criticized because society but they will always defend them won’t defend them. The main different with the traditionalist is that they are focused on pertaining to the society because they don’t want to alone and not on the fact that they are ashamed of not pertaining.

The importance of understanding these personalities is that it is easier for the CEO to interact with the different types of clients that the company will have. Understanding that there are clients that are will focus on online and telephone support when engaging in a transaction or a service, or understanding that other clients will focus on being in the mass because they feel part of a group or focusing on those individuals that act based on the object and not on the person. The CEO has to be able to control the different personalities that could compose a mass and therefore lead the sales of a company. Because of this one of the main reasons of a CEO is that he has to be adaptable, socially competent and more importantly an emphatic leader.
LEADING THE MASSES AS A CEO

The importance of the relation between the CEO, the brand, the clients and the product seems to be one of the most important aspects when engaging in leadership. The reason why these aspects are important lies in the fact that they surround the CEO and therefore give him credibility, reliability and confidence. Brand Fog survey (2013) analyzed the context by which a CEO can be used in social media to gain advantage of his position and as a consequence making the brand stronger, one of the conclusions is that 83.9% believe that including the CEO in social media is an effective tool to increase brand loyalty and 80.6% of the respondents believe social media to be the best communication channel to engage investors and costumers.

In other aspects, Duke University (2013) included in its 2013 CEO study two important abilities that every CEO should have and that relate with leading the masses. The first one is to lead through the path of successive approximation, meaning that the CEO should continually engage with the costumers to create leadership and confidence in the product he is managing. John Lasseter, Chief Creative Officer at Pixar, understands this by doing press conferences when presenting every new Pixar movie and by doing interviews with questions from fans of the movie as he did for the New York Times Q&A with fans. (Times, 2011)

To lead the masses one must understand the masses. J.T Murphy (1922) stated that “the struggle of the masses he struggles of the masses is not formal and mechanical. It is a dynamic struggle, and none of its problems, whether of organization or leadership, can be satisfactorily met so long as we persist in approaching them either with a yardstick or a book of formula. The reactionary leaders will have to go. But they will have to be removed by a struggle directed against them rather than through formal removal via the ballot box.” The text was written with the purpose of analyzing how Marxist should lead but it is important to highlight two facts that were expressed in the theory of the masses. The first fact is that the repetitive approach to subordinates, customers, and potential clients is one of the most important aspects of leadership. Although there is an important aspect to consider when approaching these audiences and it is that they vary from personality, motivation and intelligence. A CEO can give a message to the costumers but it is rarely the message he gives to his subordinates or to future investors. Leadership as well as communication varies in terms of the audience and not understanding this important fact will lead to failure and most importantly, loosing confidence. Advertisement helps in the continuous approach to the costumer but not knowing who is reading the message could be more problematic than not sending a message.

Tim Nudd (2012) classified the biggest fails for advertisement for the year 2012 and the case of BIC pens is the one that makes evidence of this important fact. The famous French pen maker decided to do a pen called “Bic for her” aimed to the women segment. The pen was sold at Amazon and since this website allows comments, the impressive attack against the company for discriminating women and telling them that they couldn’t use a “normal” pen reflected the impact of a message sent to a crowd without knowing how they would react. 60% of the persons that commented on the website rated with 1 to 3 stars the product not based on the quality but based on the message they sent. Comments with 5 star rates also mocked the product with sentences as the following: “They don't send me into a harsh frenzy of tears like regular pens do; nor do I find them sexually intimidating at all.”

Sending the wrong message, as it happened for Bic, it can change the costumer’s perception and loyalty to the brand. The second important fact that should be considered is that the personality of the mass and their intelligence. The concept of intelligence should be considered when sending a
message because some messages might be too complicated or technical to understand or extremely clear that can make the costumer feel mocked. Bret Rutledge (2012) exemplified this by analyzing a tweet from the major supermarket, President’s Choice, where they wrote: “What’s scarier? Hurricane Sandy or a beverage with marshmallow eyeballs?” The problem with the message is that Hurricane Sandy national catastrophe for the United States and using the tweet to attract costumers demonstrated a lack of empathy with the costumers and not considering their intelligence, meaning that they understood the tweet at taking advantage of a trending topic to use is as sales media.

For this reason, to lead the masses, the CEO must understand them; know to whom he is speaking, and consider the context of the message and most importantly the timing. A CEO can build confidence but he can also destroy it and masses do not forgive the CEO since individually, they are consumers with desires, feelings and intelligence to judge.

CONCLUSION

Leading is an art because it is a form of inspiration. Leading a mass could be a difficult task if a CEO lacks the capability or the empathy to lead them. The mass behaves as an individual and individuals consider aspects such as price, costumer, service and the after sale experience. The CEO becomes an important part of this because he reflects the ethics of the brand as well as the reason to buy the product. The constant messages with different audiences through mass media websites, meetings or telephone calls give the CEO the possibility of leading. Ignoring that the eyes of the mass are focused on the CEO can cause exponential problems when it comes to making decisions or behaving in public. A CEO is a business celebrity, which serves as an important indicator of the brand.

The mass, in a globalized era, wants to be able to feel unique although they are buying a mass product. For this reason, the smart phones have developed the software as an expression of the costumer’s uniqueness. Not every smartphone or tablet has the same applications, giving the freedom of choice to the costumers. So in this era, the main question is how the product can be developed to attract the mass to buy them. For example, when the IPhone 4 was launched there was a problem with the antenna of the phone with lead to speculation of how the company would react. Steve Jobs appeared a day later stating that they had a special cover for the phone that will prevent this mishap with the antenna or he offered a full refund. Same reaction happened when the MacBook black and white 2009 models were launched and after some costumers complained that the magnets were awfully strong when closing the computer and therefore causing breakage to the keyboard, the company offered to change them. These examples serve as what the mass needs from the CEO and from the company and it is to know that the company is there not to sell products but to give an experience of the product.

The experience of buying a product in knowing that the CEO will be writing in mass media giving advices or incurring in press conferences every time an important event happened in the company. It is important to compare these aspects with the leadership of politicians such as Abraham Lincoln or Winston Churchill because when they addressed the country the masses felt reassuring that they were safe under their guidance. In the case of a costumer they want to feel with confidence that what they are buying is an investment of a client/business relation what will last.

For this reason, Sam Walton once said “outstanding leaders go out of their way to boost the self-esteem of their personnel. If people believe in themselves, it is amazing what they can
accomplish.” The CEO is the inspiration by which a company should be guided and therefore representing the leader that the mass should follow.

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