

LEADERSHIP

STRONG LEADERSHIP REQUIRES A CHANGE OF MINDSET



The complexity of leading and leadership becomes only more profound in the context of a fintech start-up. The unique intersection of regulatory, security, and technological considerations in which these organisations operate place great demands on those who lead; requiring a combination of business acumen with deep industry knowledge to navigate the challenges and capitalise on the opportunities in the fintech ecosystem.

Keeping pace with technological advancements; being laser focused on meeting customer needs; and ensuring compliance with regulations, data privacy laws, anti-money laundering (AML) regulations and Know Your Customer (KYC) requirements can pose significant challenges. All of which are in addition to the leadership principles and challenges present in any start-up business, such as scaling a team or responding to changing roles and responsibilities.

Operating across these multiple boundaries inevitably exposes leaders

to a range of organisational tensions and competing demands. They must decide on the size and shape of their enterprise, where they should focus their resources and navigate ongoing tensions between investing for the long term versus maximising profits in the near term. Leaders therefore face pressures to address multiple, competing strategic demands simultaneously.

Faced with multiple demands that often appear in conflict with one another, it's a mistake to assume there are cut-and-dried choices for a leader of a fintech start-up. Often, the role of the leader is to support opposing forces and harness the constant tension between them, thereby enabling continuous improvement. Leaders must avoid the temptation to make either/or decisions that can lead to a range of unintended consequences, including missing alternative perspectives as they aim to make sense of the interrelatedness.



Instead, leaders should focus on accepting tensions as paradoxical and consider both/and possibilities. Accepting paradoxical tensions and effectively attending to contradictory demands simultaneously has been associated with: career success (O'Mahony and Bechky, 2006); exceptional leadership capabilities (Denison et al., 1995); high-performing groups (Murnighan and Conlon, 1991); and organizational performance (Cameron and Lavine, 2006; Tushman et al., 2010).

The leader's challenge is not to choose between alternatives but to recognize that both imperatives must be addressed. Making that change from either/or to both/and thinking requires leaders to shift focus frequently in the short term in order to satisfy competing demands in the long term. Rather than swinging wildly between opposing forces, leaders must execute purposeful microshifts that enable growth and sustainability (Smith et al., 2016).

PARADOXICAL LEADER BEHAVIOUR

To maximize their effectiveness over the long-term, a leader of a fintech start-up should focus on:

1. Proactively seeking out organizational tensions and competing demands. Wherever one finds **plurality** (i.e. a multiplicity of views), **change** (which requires new opportunities for sensemaking) or **scarcity** (e.g. resource limitations, whether temporal, financial, or human resources) one is sure to find tensions; and
2. Addressing those tensions through a lens of both / and decision making, whether that be through:
 - 2.1 **acceptance**: recognizing and accepting the interrelated relationship of underlying tensions;
 - 2.2 **separating** (respecting the distinct needs of individuals, groups or situations) and **connecting** (finding linkages and synergies between individuals, groups or situations). It should be noted that the paradoxical leader must be able

to both separate and connect simultaneously. For example, promoting an overarching identity or vision without encouraging deep respect for the distinct value and needs of each stakeholder group can result in a bland compromise or allow one perspective to dominate;

- 2.3 **resolution**: seeking responses to paradoxical tensions, either through splitting and choosing between tensions or by finding synergies that accommodate opposing poles; or
- 2.4 **exploration** (taking a long-term view) and **exploitation** (recognising short term needs) e.g., developing a robust, pragmatic and viable long-term strategy for growing revenues (exploration) while ensuring a focus on generating profitable income in the near term (exploitation). Attending to both exploration and exploitation simultaneously requires leaders to demonstrate dynamic decision-making in which they allocate resources both to the 'as is' (i.e. the existing product or marketing initiative) and the 'to be' (i.e. the future state product or marketing initiative) at the same time.



SUMMARY

Whether scaling a team appropriately, retaining key employees, building a cohesive culture, managing resource allocation, handling relationships with investors or any one of a multitude of other organisational tensions and competing demands, the pressures on a leader of a fintech start-up can be considerable. Recent research on navigating competing strategic demands simultaneously points to a need to shift from an either/or mind-set to a both/and one by seeing the virtues of inconsistency, recognising that resources are not always finite, and embracing change rather than chasing stability. In practical terms, this means nurturing the unique aspects of competing constituencies and strategies while finding ways to unite them.

The leader's challenge is not to choose between alternatives but to recognise that both imperatives must be addressed through the Paradoxical Leader Behaviours outlined above. Making that change from either/or to both/and thinking requires leaders to shift focus frequently in the short term in order to satisfy competing demands in the long term. Rather than swinging wildly between opposing forces, leaders must become adept at consciously executing purposeful microshifts that deliver short-term peak performance and long-term success.

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