

ON LEADERSHIP AND NICCOLÒ MACHIAVELLI

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Introduction

Numerous manifestos have appeared that purport to redefine the term “leadership” and broaden its sphere of use. Some of the discussion on leadership has been of debatable value; however, there have been thinkers who have analyzed the concept and contributed to our understanding of the subject. Niccolò Machiavelli (1469-1527), the Italian Renaissance political writer ranks high among this select group of scholars. His work, always relevant, always controversial, is fundamental to those in search of real insight into the subject. Whether one agrees with it or not, Machiavelli’s most famous work, “The Prince,” has been influential in the intellectual and popular political life of Western culture for 500 years. An understanding of the ideas advanced in this text is critical to anyone taking a serious approach to the subjects of leadership and strategy.

Historical Context

Although the term “Machiavellian” crops up in popular culture, Machiavelli has frequently been misquoted and his points of view taken out of context, twisting their meanings in a way that he never intended. This is not to say, of course, that many of his ideas are not controversial and in some cases shocking.

A brief outline of his environment is perhaps a helpful starting point. Niccolò Machiavelli was born and lived in Florence. He witnessed chaotic times in which assassination, rape, and robbery were common, a period of history during which Italian city-states were continuously sacked by armies of different countries; an age far removed from the days of ancient Roman glory. Given this violent and unstable background, Machiavelli, as well as others who have endured harsh living conditions, believed that a prince should use *any* means to restore peace and order¹. “The Prince” plainly makes the case for strong centralized leadership in desperate situations but it would be a mistake to presume that Machiavelli considered dictatorship as the ideal form of government, or that he advocated gratuitous predatory and immoral behavior. Machiavelli was a firm believer in republicanism; this fact is reflected in his personal life² and literary works, including his *magnum opus*, the “Discourses”³. No republic, however, could ever come to existence and survive in

¹ This “Machiavellian” statement has been paraphrased as “the ends justify the means.” Clearly, context—or lack of same—plays a major role in how the idea is understood. Few are likely to argue that stopping robbery, rape and murders at any cost is an immoral act.

² When the Medici family was restored to power in 1512, Machiavelli’s political career came to an abrupt end. His republican past earned him imprisonment, torture, and an almost permanent ban from public service in the de facto government of Lorenzo Duke of Urbino, to whom “The Prince” was humbly dedicated.

³ “Discourses” by Machiavelli (Penguin Classics, 2003).

a tumultuous environment. Therefore, the first step for its creation was, in his view, transforming social disorder into social order using force and deceit if necessary.⁴ How to achieve security and stability is the central subject of “The Prince.”

Modern readers familiar with “The Prince” often presume that it belongs to a genre of its own, but in fact it is an example of a category of literature that was popular in the Middle Ages, known as *mirrors of princes*. In such works, authors give advice to rulers on effective methods of government. Classical Greek and Roman thinkers had already reflected on the subject of leadership and Machiavelli shared some of their ideas; for instance, both Plato and Machiavelli believed in strong political leadership (as opposed to, say, economic leadership) and agreed that political power should be concentrated in the hands of a few. Nonetheless, Machiavelli is considered by many “the first modern thinker.” According to Machiavelli, politics is not concerned with fostering virtue but with ensuring security and survival—a view that set him apart from Plato. For Aristotle, the state should be founded on the concepts of friendship and trust, while for Machiavelli it was based on the fear of the prince and a system of coercion. These appear to be harsh concepts but it must be kept in mind that modern political scientists see the state as a necessary agent of coercion (how many people would avoid paying taxes if doing so were voluntary and the motivations for compliance limited to moral exhortations?). Coercion is also required and accepted in the corporate world, where the prevalent model is based on an authoritative system, not on democratic decision-making. Cicero, regarded by Humanists as the greatest of all the Roman sages, argued that political leaders must exercise the standard virtues, such as honesty and magnanimity. Machiavelli believed that the prince must be prepared to do anything that would guarantee safety and stability because, in his view, the virtues of private morality, if applied in the political realm, often lead to failure. Thus, Machiavelli differed from his intellectual predecessors in that he describes the way people really live as opposed to the way they ought to live.

A discussion on leadership cannot be divorced from considerations on strategy and, given the approach of this paper, implications for the business world. The link is obvious when one realizes that the Greek noun “strategos” was originally applied to the army’s commander-in-chief who concerned himself not with the details of battle preparation (the responsibility of lower ranking officers), but with actions at large aimed at achieving victory—what we call today “strategy”—much like a modern CEO charts the course of action of his/her company⁵. The Prussian Major-General Carl Von Clausewitz made this idea clear in his treatise “On War”: “tactics involve the use of armed forces in the engagement; strategy is the deployment of engagements for the object of the war⁶.” It is not surprising, then, that the early development of strategic concepts took place in the military realm while business applications had to wait until the middle of the 19th Century to take off. But when they did, the underpinnings of some, like Industry Analysis, Game Theory and Strategic Planning, could be found in treatises on leadership such as “The Prince.”

⁴ “You should consider then, that there are two ways of fighting, one with laws and the other with force. The first is properly a human method, the second belongs to beasts. But as the first method does not always suffice, you sometimes have to turn to the second.” Quote taken from “The Prince” by Machiavelli, translated and edited by R. M. Adams (A Norton Critical Edition, 2nd Edition), p. 47.

⁵ Compare this interpretation of the concept of leadership with modern renditions and popular phrases such as “subordinate leader.”

⁶ “On War” by Carl von Clausewitz, edited and translated by Michael Eliot Howard and Peter Paret (Princeton University Press, 1984), p. 128.

Important Ideas in “The Prince” and Their Interpretation

Human beings are self-interested

Machiavelli’s opinion that selfishness is part of the human condition, although distressing to some, is commonly shared by economists, mathematicians, anthropologists, social scientists, not to mention the rest of us. Adam Smith, for example, understood that self-interest is ever present in human affairs and believed that it is frequently beneficial to society⁷. Mathematicians and political scientists developed Game Theory under the premise that players attempt to outdo their opponents. Some evolutionary anthropologists believe that selfishness, an element of the instinct of self-preservation, has been essential for the survival of the human species. Analogous ideas have been advanced by others. Thucydides⁸, the great Greek historian of the 5th Century BCE, states in his “History of the Peloponnesian War⁹” that in human affairs, appeals to justice and morality are pointless: “...we both know that decisions about justice are made in human discussions only when both sides are under equal compulsion; but when one side is stronger, it gets as much as it can, and the weak must accept that¹⁰.” He reasons that wars show the face of self-interest, as they are often the product of fear, envy or greed, rather than the impulse to correct moral transgressions¹¹. Modern readers know that corporate takeovers rarely, if ever, are grounded on concepts of moral virtue (they may be the result of a legitimate desire to optimize the use of resources), layoffs are seldom averted by invocations to social justice (they may respond to the pressing need to reduce expenses), and power games and politicking are rarely discouraged by invocations to ethical principles.

Game Theory can be considered an attempt to analyze self-interest and its consequences. One of its well known models, “The Tragedy of the Commons,” is widely used in policymaking because it helps identify the incentives that trigger players’ actions. Picture a pasture that is public property (the commons) where people can graze their cattle. The resource attracts the attention of more and more ranchers who seek to feed their cattle for free. Although everyone realizes that the commons will be depleted and that it would be in the interest of every party to ration the grazing, few, if any, will cut back in their use of the commons. The reason for this seemingly irrational behavior is that everyone understands that if he or she limits his or her use of the pasture, others will not, thus taking advantage of concessions made by those interested in the preservation of the public good. There are three possible solutions to the tragedy of the commons:

- Establish property rights by privatizing the commons. The owner will charge grazing fees forcing the ranchers to use it sparingly
- If the establishment of property rights is not feasible the government can force the different parties to act according to public interest
- If the group is small, the different parties may be persuaded to negotiate

One successful application of “The Tragedy of the Commons” is in the design of policies to curb pollution, where the right to pollute is “privatized” through the sale of permits that authorize companies to emit a controlled amount of pollutants. By requiring companies

⁷ It has been argued that whereas the “invisible hand” guides market participants to maximize their own benefits, the effect on society is frequently suboptimal. See for example “Thinking Strategically” by A. Dixit and B. Nalebuff (Norton, 1993), pp. 238-240.

⁸ Thucydides chronicled most of the Peloponnesian war, which was fought between 431BCE and 404 BCE and ended in the catastrophic defeat of Athens. For background on Thucydides consult “Thucydides” by W. R. Connor (Princeton, 1984).

⁹ “On Justice, Power, and Human Nature” by Thucydides, edited and translated by Paul Woodruff (Hackett Publishing Company, 1993).

¹⁰ Op. cit., p. 103

¹¹ Stephen Zweig famously captured this idea in his preface to “Fouchè.”

to pay for the harm they do to others, enterprises have a palpable incentive (money) to minimize their emissions. “The Tragedy of the Commons” can also be applied to study the design and implementation of a universal health care plan. Most industrialized countries followed the second approach—government intervention—whereas the US, if it ever moves towards universal coverage, probably would rely on the first, maintaining a private system as much as possible. The discussion of such an undertaking would require analysis that is beyond the scope of this paper; however, it must be recognized that any plan that does not pay enough attention to the interests of powerful groups is unlikely to succeed, no matter how well engineered and socially desirable it may be.

In general, social systems that underplay the roles of self-interest are destined to fail. The collapse of communism affords a dramatic confirmation of the pivotal role that self-interest plays in human affairs. Whereas Marx and others correctly diagnosed the importance of self-interest in a capitalist system, they naively believed that under a communist regime such human trait would be transformed into concern for the common good. Thucydides said it masterfully: “...it is an impossible thing—you would have to be simple-minded to believe that people can be deterred, by force of law or by anything else that is frightening, from doing what human nature is earnestly bent on doing¹².”

Despite the pervasiveness of self-interest in human affairs, Machiavelli states that a prince whose acts are governed exclusively by it is unlikely to succeed for three reasons: firstly, he has no absolute control on *fortuna* (chance); secondly, other people are unwilling to help unless they see a gain in doing so; and thirdly, in society, one person cannot accomplish anything on his or her own. These observations are equally relevant to the survival of enterprises or personal careers, and underscore the importance of strategic planning and people management, two disciplines which have attracted much research in recent times.

[Virtù and Fortuna](#)

The English translation of *the* Italian word *virtù*¹³ does not reflect the meaning that the term conveys in Machiavelli’s writings. For Machiavelli, *virtù* encompasses risk taking, confidence and aggressiveness, and is a trait that the prince must cultivate and use effectively. Machiavelli argues that even though there are circumstances when the best course of action is to wait, or move cautiously, and yet others where it is difficult to determine whether a daring¹⁴ or conservative approach is best, *virtù* leads to success more often than not.

Fortuna is like chance. Even though it determines 50% of our lives, we can take charge of the remaining 50% through preparation. For instance, even though we are powerless against the destructive force of a flooding river, it is possible to build dykes during the dry season to prevent or at least mitigate the damages. Likewise, we should be prepared to seize without hesitation the opportunities that *fortuna* may concede. Foresight, action and *virtù* are the ways of dealing with *fortuna*.

In an inspiring passage¹⁵ of his “Discourses,” Machiavelli writes about *fortuna* and leadership in the following terms: “... One sees there how great men remain the same whatever befalls. If fortune changes, sometimes raising them, sometimes casting them down, they

¹² Op. cit., p. 73

¹³ Moral excellence

¹⁴ Daring does not imply rash: “In my opinion, nothing is more contrary to good judgment than haste and anger. Of these, the one is usually thoughtless, while the other is ill-informed and narrow-minded,” Thucydides, op. cit., p. 71.

¹⁵ Op. cit., p. 488.

do not change, but remain ever resolute, so resolute in mind and in conduct throughout life that it is easy for anyone to see that fortune holds no sway over them. Not so do weak men behave; for by good fortune they are buoyed up and intoxicated, and ascribe such success as they meet with, to a virtue they never possessed...”

If *fortuna* affects human affairs, it should come as no surprise that it also influences business enterprises. A study by A. M. McGahan, and M. Porter¹⁶ confirms this assertion and reports that the drivers of firm profitability are as follows:

- Unexplained variation (chance): 42.89%
- Year effect: 2.39%
- Industry effect: 18.68%
- Corporate parent effect: 4.33%
- Business unit effect (the effect of a business unit’s competitive position in the industry): 31.71%.

Ironically, the McGahan-Porter study suggests that Machiavelli’s assessment of the role of chance, if applied to enterprises, is an optimistic one. Warren Buffett seems to express a similar opinion by stating that “when an industry with a reputation for difficult economics meets a manager with a reputation for excellence, it is usually the industry that keeps its reputation intact.” This is not to minimize the role of business leaders. Take, for example, the case of airlines. Although as a group they have returned negative economic profits¹⁷, there have been accomplished carriers such as JetBlue that owe part of their success to talented management and to their leadership team. In business lingo, two of the most important determinants of profitability are environmental attractiveness (industry effect), which lies beyond the reach of management, and competitive position within the industry (business unit effect), which leaders can influence.

Adaptation

For Machiavelli there are no absolutes; change is the normal condition of nature. The ability to adapt is a skill that the wise prince should cultivate to increase his chances of success with the understanding that there is no foolproof guide or set of principles that will always prove effective. Each situation must be analyzed independently, within a framework that incorporates experience and knowledge of history, particularly the actions and *modus operandi* of great individuals. Machiavelli uses the well-known metaphor of the lion and the fox to illustrate that the peak of efficiency is attained when the prince can adapt to prevailing conditions and act accordingly, an undertaking in which most of us fail due to the nature of human disposition. Machiavelli explains that “...because times and affairs in general and individually change often, and men do not change their imaginings and their procedures, it happens that a man at one time has good fortune and at another time bad. And certainly anybody wise enough to understand the times and the types of affairs and to adapt himself to them would have always good fortune, or he would protect himself always from bad, and it would come to be true that the wise man would rule the stars and the Fates. But because there never are such wise men, since men in the first place are shortsighted and in the second place cannot command their natures, it would follow that Fortuna varies and commands men and holds them under her yoke¹⁸”

¹⁶ “How Much Does Industry Matter Really?” by McGahan, A. M. and M. E. Porter (Strategic Management Journal, 18, Summer 1997), pp. 15-30.

¹⁷ Profitability adjusted for the estimated cost of equity.

¹⁸ Letter from Machiavelli to Piero Soderini, “El Principe,” ed. cit., p. 125.

In Machiavelli's opinion, hunting is a good activity because it helps the prince develop awareness of the lay of the land and the challenges that soldiers face in the battlefield. It is not surprising that a ruler who attempts to lead an army through difficult terrains relying on maps has little chance of success against the field marshal that knows the location of impasses, hilly terrain and ditches, and who designs his strategy to fit current conditions.

Machiavelli also recommends that the prince should be well versed in history¹⁹ because men have, and always have had, the same passions, and react in similar ways to similar circumstances; everything that happens in the world has a resemblance to what has happened before.²⁰ Yet, each new situation is unique and the prince should not place his trust on absolutes. Similarly, business leaders should not rely on "recipes" but instead on critical thinking and a broad knowledge base.

Studying the lives of great individuals is time well spent because their actions often reflect a deep understanding of strategy and human nature. Machiavelli suggested that the most beneficial approach is for the prince to engage in an interactive dialogue, so to speak, where the prince "questions" an individual and carefully ponders his responses, rather than merely to draw up a passive review of their successes or failures. The similarities with case studies, a staple of MBA education, are unmistakable. Here the premise is not, of course, that the same measures that proved profitable in any given set of circumstances will produce comparable results in the future, but instead that a critical examination of how experts approached a problem will yield insights into new and unique cases. Adaptation is facilitated by knowledge of the enemy and knowledge of oneself. Perhaps nobody has better expressed this principle than the Chinese strategist Sun Tzu, who lived in the 6th Century BCE: "Know your enemy, know yourself, and you can fight a hundred battles with no danger of defeat. When you are ignorant of the enemy but know yourself, your chances of winning and losing are equal. If you don't know your enemy or yourself, you are bound to perish in all battles²¹."

While few managers would argue against the wisdom of this precept, 70-75 percent of them say they consider competition in their product and pricing decisions, but only 8 percent report thinking through future competitive behavior in terms of product introductions, and 15% in terms of price changes²². Most managers believe that available forecasting techniques cannot cope with the uncertainties they face and consequently, they reason, devoting valuable resources to inaccurate models is a waste of time. Machiavelli and modern business strategists would wholeheartedly disagree with this view on two grounds: firstly, almost any insight is valuable to a manager with vision; secondly, it is a capital mistake to cede the initiative to competitors who will better anticipate and adapt to change.

Adaptation, a necessity in an evolving environment, is facilitated by an understanding of change itself and a disposition towards flexibility. The strategic value of the ability to change in response to prevailing conditions has long been recognized by sages such as Master Tzu, who refers to those who can adjust to their surroundings as individuals of genius. Although these principles may seem

¹⁹ Cf. "Timeless Leadership," by David McCullough (Harvard Business Review, March 2008), where two-times Pulitzer Prize winner D. McCullough discusses why a sense of history is essential to the leader.

²⁰ Analogous arguments can be applied corporations.

²¹ "The Art of War" by Sun Tzu, translated by Thomas Cleary (Shambhala Publications, 2003)

²² "Competitive Reactions and Modes of Competitive Reasoning: Downplaying the Unpredictable?" by Urbany, J. E., Montgomery, D. B. (Marketing Science Institute, Report No. 01-121, 2001).

obvious, it is interesting to note the relatively recent transformation which has taken place in the field of marketing: initially, products and services were firstly developed and then sold, but now companies increasingly identify customers' needs and then develop products and services to satisfy those demands.

The corporate landscape abounds with companies that have underperformed or failed due to their inflexibility²³. In a recent article²⁴ two Boston Consulting Group professionals contend that one of the reasons behind the suboptimal performance of some of the biggest and brightest international corporations is their inability to adapt to local conditions: "Emerging markets have become so volatile that multinational companies can't tackle them with strategies they developed decades ago and have since refined in mature home markets²⁵."

The key to predicting, adapting and seizing opportunities is a mix of leadership and committed staff. Thucydides put it beautifully: "...remember that the greatest strength comes from a mixture of the simplest people with the middle sort and those who make the most exact judgments, all together²⁶."

[Constant Planning and Preparation](#)

In Chapter XIV of "The Prince" Machiavelli focuses on the roles that planning and preparation have in government affairs: "...the prince should never turn his mind from the study of war; in times of peace he should think about it even more than in wartime²⁷." Perhaps as Machiavelli wrote these lines he remembered the pitiful opposition that Florentine militia presented to the foreign troops that restored the Medici family into power. The inability of the Florentine Republic to protect citizens, along with the scenes of murder, rape and pillage that Machiavelli probably witnessed, reaffirmed his conviction that an able ruler "must never idle away his days of peace, but vigorously make capital that will pay off in times of adversity²⁸."

Although a caricature of this idea has been advanced to argue that Machiavelli urged dishonest behavior, any judgment of his advice must be grounded in an understanding of his historical circumstances, keeping in mind what has happened in recent times too. During the Cold War, for example, the United States and the ex-Soviet Union relentlessly planned and prepared for a potential conflict that threatened their very existence. Quoting Thucydides, each country understood that "the least success comes by way of desire, and the most by planning ahead²⁹," and justifiably was unwilling to leave matters of paramount importance to be decided by chance or, worse yet, international justice.

Consider now the parallels between strategies in warfare and business as they relate to Scenario Planning, a tool designed to inform about near-term choices and sketch possible futures. In this context, scenarios are plausible projections of potential futures, and they combine assumptions of what could happen with forecasts. Machiavelli sketches the use of scenario planning by describing in "The

²³ See "The Dumbest Moments in Business History: Useless Products, Ruinous Deals, Clueless Bosses and Other Signs of Unintelligent Life in the Workplace" by Adam Horowitz and Mark Lasswell (Business 2.0, New York: Portfolio, 2004)

²⁴ "How Local Companies Keep Multinationals at Bay" by Arindam K. Bhattacharya and David C. Michael (Harvard Business Review, March 2008) pp. 84-95.

²⁵ Op. cit., p. 86.

²⁶ Op. cit., p. 120.

²⁷ Op. cit., p. 41.

²⁸ "The Prince," op. cit., p. 42

²⁹ Op. cit., p. 116.

Prince” the thought process of Philopoemen, prince of the Achaeans³⁰: “...when he was in the country with his friends, he would sometimes stop and ask them: ‘suppose there were enemies up in those hills, and we were here with our army, who would have the advantage? How could we get at them without breaking ranks? If we wanted to get away, how would we do it? If they tried to get away, how could we cut them off?’... As a result of this constant practice, no unexpected difficulty could ever arise when he was at the head of his army, for which he did not have a ready remedy.³¹”

Scenario Planning, as we know it today, systemizes the thought process of conceiving structured futures by identifying the elements that every scenario must possess³²:

1. Driving forces, which differentiate between strategy choices, such as economic and social influences, and the actions of individuals or institutions
2. The causal nature of the driving forces that determine the extent to which they influence players and explain their behaviors. These influences can affect players’ actions as strongly as in cause-effect relationships, or trigger certain behaviors in ways that can only be estimated but not determined
3. Plots, which are the stories that connect the present to the end state and illustrate what would have to happen for a specific future or world to come into existence
4. End States, which are descriptions of what would happen in a particular future at some specific point in time

To illustrate with a hypothetical example, imagine that an insurance company specializing in healthcare has determined to enter in foreign markets. Through competitive analysis it has been determined that product offerings should be tailored based on: (i) the purchasing power (“cash flow volume”), and (ii) availability and quality of public healthcare (“public healthcare”) in each country. To the surprise of some, the company found out that the main determinant of purchasing power is the volume of immigrants in the US that send money back home. This insight is important and can be exploited in different ways. For instance, immigrants could be encouraged to purchase coverage locally for relatives that live in their home countries.



For the purpose of product introduction, management classifies foreign countries based on the four scenarios depicted above:

³⁰ Philopoemen (253 BCE to 183 BCE) was a Greek general and statesman of Achaea, a territory in the northern part of the Peloponnese. For a discussion of his life as leader, see “Lives” by Plutarch, edited by Arthur Hugh Cough (Modern Library Classics, 201), pp. 483-498.

³¹ Op. cit., p. 41.

³² This list is taken from “Learning From the Future” edited by Liam Fahye and Robert M. Randall (John Wiley and Sons, Inc., 1998)

1. "Hungry shoppers"—Countries with an undeveloped healthcare system that benefit from a strong cash influx from immigrants in the US
2. "Gourmet shoppers"—Countries with a good healthcare system that benefit from a strong cash influx from immigrants in the US
3. "Satisfied shoppers"—Countries with a good healthcare system and modest cash influx from immigrants in the US
4. "Thrifty shoppers"—Countries with an underdeveloped healthcare system and modest cash influx from immigrants in the US

The product offerings could be tailored by country as follows:

1. "Hungry shoppers" will be interested in products that afford comprehensive protection such as HMO- and indemnity-style offerings.
2. "Gourmet shoppers" will be interested in specialty products that supplements what already is provided by the government (e.g., transplant coverage and travel insurance), and also in offerings that help them manage their wealth (e.g., Health Savings Accounts, if available).
3. The unmet needs of "satisfied shoppers" are few. The insurance company will have to study the local market to determine what type of inexpensive products could appeal to a wide range of the population. Examples may include vision exams and medical check-ups.
4. "Thrifty shoppers" have unmet needs but little disposable income. In this case, the company may decide to subdivide the segment to identify niches such as foreign nationals in temporary assignments. The purchasing power of these groups may be relatively high and their consumer mentality amenable to certain marketing services such as dental healthcare.

Like the prince that continuously surveys the military landscape, enterprises that aspire to prosper in dynamic environments must devote time to planning and preparation: "it is clear that when princes have thought more about the refinements of life than about war, they have lost their positions. The quickest way to lose a state is to neglect this art; the quickest way to get one is to study it³³."

People Management

One of the most "Machiavellian" subjects in "The Prince" is the treatment of subordinates. Machiavelli's advice is shocking partly because his council is addressed to public figures who were constantly concerned about foreign enemies as well as treacherous behavior of friends and even family members. Yet, despite passages that one would hope are not applicable in today's society³⁴ his ideas deserve a close reading³⁵.

The paramount function of people management is clear when Machiavelli discusses conspiracies in "The Prince" and concludes that "...a prince should not worry too much about conspiracies, as long as his people are devoted to him; but when they are hostile, and feel hatred toward him, he should fear everything and everybody."³⁶ The point is that leaders ought to create attachments with

³³ "The Prince," op. cit., p. 40.

³⁴ But do not forget contemporary fraudulent behavior on a large scale like at Enron.

³⁵ For example: "...a prudent prince cannot and should not keep his word when to do so would go against his interest, or when the reasons that made him pledge it no longer apply. Doubtless if all men were good, this rule would be bad; but since they are a sad lot, and keep no faith with you, you in your turn are under no obligation to keep it with them." ("The Prince," op. cit., p.48).

³⁶ Op. cit., p. 51.

followers whose consummate effort may be fostered through material rewards and other means. As for the latter, numerous studies show (and any parent can attest to it) that positive expectations have powerful effects on performance³⁷. Therefore, the astute manager finds ways, however subtle, to express and cultivate such expectations; after all, everybody wants to feel good about oneself, and part of that feeling originates in how people are treated and rewarded. Interestingly, material incentives are only one of several elements that contribute to work contentment; others, such as peer sanction, a sense of purpose, loyalty, can be, and often are, important³⁸. Managers that are able to encourage as well as inspire their employees belong to a select group; John Quinn Adams expressed it better: “if your actions inspire others to dream more, learn more, do more and become more, you are a leader.” Fortunately, there are contemporary individuals that are credible candidates to the title of business leader such as David Neeleman, whose management style has been the subject of study in Business Schools³⁹.

Machiavelli observed that Roman generals were able to diagnose problems when they were easy to cure by having Roman citizens live with the inhabitants of conquered cities; this interaction afforded the military command an opportunity to gauge what was in the people’s minds. Roman leaders understood—probably learnt from experience— that waiting for problems to surface was a potential recipe for disaster. The parallels in modern times are straightforward: managers must make every effort to become acquainted with what matters to business associates by engaging in meaningful interactions with as many employees as possible⁴⁰. By communicating with staff members, managers can minimize problems that in the long run threaten to undermine the competitive position of any company like high employee turnover, actual or perceived inequalities that lead to under-performance, less than ideal communication flow among departments, suboptimal use of intellectual capital, and lawsuits that could have been avoided.

Criticism of Machiavelli’s Views

Leaving aside the caricatures of Machiavelli’s philosophy one finds that there are passionate advocates and detractors, ideological antipodes, in about every aspect of Machiavelli’s political thought, who nonetheless acknowledge the vitality of his writings. A prime example of harsh criticism is afforded by Leo Strauss⁴¹.

Three shortcomings of “The Prince” and its author come to mind: first, Machiavelli’s focus on survival and stability leaves much to be said on the subject of excellence of character⁴², a *sine qua non* of leadership⁴³. Some of his advice, one would hope, is inappropriate in today’s corporate world. Second, his characterization about women, shared by about everybody in 15th Century Florence, is

³⁷ See, for example, “Work Organization and Workforce Commitment: A Study of Plants and Employees in the US and Japan” (American Sociological review 50 [December 1985]), pp. 738-60.

³⁸ See, for example, “The 1997 Quality of Employment Survey: Descriptive Statistics with Comparison Data from the 1969-70 and 1972-73 Surveys” by R. P. Quinn and G. L. Staines (An Arbor, MI: Institute for Social Research, University of Michigan, 1979).

³⁹ Consult, for example, the “Educators Corner—Entrepreneurship Education Resources” of Stanford University; in particular <http://edcorner.stanford.edu/authorMaterialInfo.html?author=34> (as accessed on March, 2008).

⁴⁰ The adjective “meaningful” matters. Employees can usually discern between a token and a serious interest in what matters to them.

⁴¹ “... we shall later on try to prove that Machiavelli’s teaching is immoral and irreligious” from “Thoughts on Machiavelli” by Leo Strauss (Glencoe: Free Press, 1958), p. 12.

⁴² For an outstanding treatise on excellence and mediocrity of character, see “El Hombre Mediocre” by José Ingenieros (Editorial Porrúa, México, 2000). Unfortunately no English translation exists.

⁴³ It must be kept in mind that Machiavelli does talk about excellence of character in his “Discourses.”

inappropriate today⁴⁴. Third, although a successful diplomat, Machiavelli was incapable of following his own advice, particularly when the Medici family returned to rule Florence.

The reader interested in criticism of Machiavelli and Machiavelli's thoughts will have no problem finding suitable sources. The Norton Critical Edition of "The Prince," for example, cites several of them.

Final Remarks

Machiavelli's "The Prince" represents an important contribution to political theory in general and to the study of leadership in particular. Although written 500 years ago, it is as relevant today as ever due to the "democratization" to which the term has been subject. Understanding "The Prince," however, requires an appreciation of the historical context of Florence at the turn of the 15th Century, Machiavelli's life, and a critical reading of the text⁴⁵. With this background it is possible to go beyond the caricatured versions of his ideas and engage in a critical examination of his philosophy of power.

Is "The Prince" relevant to actuaries? Unquestionably, yes it is. As the profession redefines itself, actuaries will unavoidably become more exposed to ideas on leadership. The current tendency to stretch the concept to fit anybody's desires and views makes the study of serious intellectual works such as "The Prince" all the more germane to our understanding of the subject. In the final instance, agreement or disagreement with Machiavelli's thoughts is not important; what matters is exposure to ideas that have shaped our culture, and a desire to examine them critically.

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⁴⁴ But consult "Fortune is a Woman" by Elizabeth Adler (Bantam Doubleday, December, 1992) for an interesting interpretation of the subject by an accomplished female scholar.

⁴⁵ T. S. Eliot referring to Machiavelli once said that "no other great man has been so completely misunderstood."