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Leadership and Expenses

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ARTICLE 1  TOWARDS SHARED LEADERSHIP

By Mr. Karl Skaar, Editor the Lucubrate Magazine

Some days back, I read an article in the Journal “Africa Education Review.” It is an article about leadership. The article authors ask if the challenges South Africa is facing for the post-school vocational education system can be explained by poor leadership. The report states that the difficulties in the post-school professional education system are daunting. There is a lack of coherence, resulting in fragmentation of the system. Is this a challenge they face in South Africa only, or is this a general challenge all over the world?

An integrated and focused leadership model

In the study [1] commissioned in 2014 about the training needs revealed several significant academic challenges facing college leadership. The most pressing issues were poor leadership and management skills and challenges facing lecturers in various aspects of teaching and learning, amongst which were obvious shortcomings in their capabilities to meet the competencies required for effective lecturing. This realization led the researchers to hypothesize that ineffective and fragmented leadership and management practices may be to blame for this state of affairs. The researchers wondered whether an integrated and focused leadership model aimed at distributing ownership for student achievement should be implemented to produce better results. The overarching research question was: What are the main stumbling blocks in improving National Certificate: Vocational (NC(V)) students’ performance at technical
and vocational education and training (TVET) colleges; and how can a distributed instructional leadership approach be conceptualized to address the problems at an institutional level?

The findings created an awareness for considering collaboration and the distribution of powers and capabilities to bring about a shared leadership vision in the quest for challenging poor performance at institutional level in a sector that is in dire need of positive outcomes [1].

Shared leadership

The importance of high-quality leadership for team effectiveness is widely recognized, with new viewpoints arguing shared leadership to be a more powerful predictor than vertical command.

Shared leadership is the practice of governing a school by expanding the number of people involved in making important decisions related to the school’s organization, operation, and academics. In general, shared leadership entails the creation of leadership roles or decision-making opportunities for teachers, staff members, students, parents, and community members. Shared leadership is widely seen as an alternative to more traditional forms of school governance in which the principal or administrative team exercises executive authority and makes most governance decisions without necessarily soliciting advice, feedback, or participation from others in the school or community [2].

Shared leadership may be defined differently from organization to organization, and it may take a wide variety of forms. Under you will find some examples that constitute only a small selection of possible shared-leadership designs.

Leadership team

One of the most common forms of shared leadership is a leadership team. In a school that will typically be a group of administrators, teachers, staff members, and others who meet regularly to make crucial school decisions and coordinates a school-improvement initiative.

A recent study demonstrated that the average team leadership strengthened over the course of a 24-week project and administration tended to become more distributed among team members. Regarding the antecedents of these changes, the study gives evidence that the more team members are perceived as warm or competent, the higher their perceived influence. The study was examining the consequences of these changes and concluded that the leadership structure was found to be related to team performance in that teams with higher average leadership perceptions performed better. The study concludes that these findings underpin the importance of shared leadership, thereby suggesting leaders to empower their team members [3].
Committees

Shared leadership may also take other forms: formal committees created to oversee a specific program or provide feedback to the management and administration; teams of workers or in schools, groups of teachers organized by content area or academic department who meet regularly and provide recommendations on instructional decisions or the design of the educational program.

Community meetings

Shared leadership may also be community meetings in which leaders listen to the viewpoints and opinions of community members, and then act on their recommendations. By bringing together a cross-section of views, a community meeting is the perfect setting to exchange ideas and information. In a successful meeting, a variety of active participants are brought together, information and opinions are shared, resources and volunteers are identified, and goals and action plans are established.

In the communities, public meetings bring diverse groups of stakeholders together for a specific purpose. General meetings are held to engage a broad audience in information sharing and discussion. They can be used to increase awareness of an issue or proposal and can be a starting point for, or an ongoing means of engaging, further public involvement. When done well, they help build a feeling of community.
Delegation

If you delegate more to the people who are closer to the customer and allow them to take on challenging responsibilities, you will find that you have more time. You will spend less time directing their projects, and you may even develop a sense of accomplishment from the achievements of your people rather than from your direct efforts. Even better, your employees may feel they are more like partners and become more engaged ultimately paving the road for more considerable success for the organization, the team, and themselves.

With global expansion, intra- and inter-industry restructuring, and increasing numbers of merging organizations, the need for dynamic flexibility and a broad base of knowledge and expertise is higher than ever. Shared leadership, by its use of the combined best of leaders’ abilities, is being tested as one possible solution for meeting these challenging business needs [4].

The strong leader and shared leadership

The shared leadership is an orientated toward the social construction of leadership. This is a different approach compared with the traditional administration like individual leaders or “the strong man.” The characteristics of the individual leaders (often white and male) are transformational, transactional, and charismatic, and leaders that have taken prominence. A response to concerns about the leader-centric focus has been the emergence of follower-centered perspectives on leadership.

Self-leadership and emotional intelligence is a central aspect of new leadership thinking that complements a more expansive view of leadership theory. Still relatively new to the leadership theory debate, this more comprehensive view of leadership aligns with the social construction of management and has also helped to advance a resurgence of alternative theories, such as authentic and servant leadership. Such approaches have extended mainstream leadership research and practice but need more exploration [5].

How to go from the strong leader towards shared leadership?

One of the more significant challenges is to make the change. The leader is comfortable and satisfied to be the one on top, the one that makes the decisions, the one that gives the orders. You can find that when the organization is suffering, and the business goes wrong, the leader even considers then himself well in his position. It is hard for a leader to give away the power or include other people in the leadership. Nevertheless, many
organizations, many schools, many TVET institutions around the world will benefit by moving towards shared leadership.

How can we do it? How can an organization move towards shared leadership?

Here are some suggestions for sharing leadership and maximizing talent [4].

1. Give power away to the most qualified individuals to strengthen their capabilities.
2. Define the limits of decision-making power.
3. Cultivate a climate in which people feel free to take the initiative on assignments.
4. Give qualified people discretion and autonomy over their tasks and resources and encourage them to use these tools.
5. Don’t second-guess the decisions of those you have empowered to do so.
6. Consider yourself a resource rather than the manager.

Set appropriate follow-up meetings to review progress and take corrective action if necessary.

Towards better leadership

In contrast to the traditional approach to leadership development, followers should also be included in leadership development efforts to prepare them to exercise responsible self-leadership and to utilize shared leadership efficiently. In a world where communication becomes easier, and everyone has access to any information, the shared leadership may work better than the individualistic leadership.

References

As we move forward with these articles, we will eventually start introducing actual debit and credit transactions but for now this light introductory walk through, yes really, serves to introduce some very important concepts, especially the Framework discussed earlier. Seriously, it’s not that bad and certainly with effort it will definitely sink in.

**A recap**

This is now the fourth article and we have actually covered quite a lot of ground so far. But, I would like you to reread the following material even two or three or more times as it establishes the basics for all our discussion going forward. I suspect that when we talked about assets and moved on to expenses there was probably a little confusion established there. Remember:

1. Assets
2. Liabilities
3. Capital
4. Income
5. Expenses

We will now walk through this one-step at a time, dealing first with assets and expenses.

**Real estate broker**

Our real estate broker started his business with $100,000 acquired from his wealthy family, you remember. So what happened? He invested initially $100,000 into the bank account. The balance sheet now shows an asset (the bank account) with $100,000, and the capital account (from his wealthy family) shows $100,000 (the bookkeeper corrected the recording error transferring from liabilities into capital). We now have an opening balance sheet with assets equalling liabilities and capital, so far so good.

It is also very important to differentiate between spending money, an expense, on an asset versus spending money, an expense, on say salaries and operating/administrative costs.

When you spend money on something that you are going to use in the business more than one year and perhaps several years, you have just acquired an asset. A good example is purchasing that laptop or the SUV that you remember we bought.
The laptop has an expected life of say three years but the SUV is more likely to be towards five years. The term expected life means in accounting that the asset will be fully depreciated, remember that term, or written off over that period. Don’t panic when you see the expression ‘written off’ for it simply means that the asset has been expensed and it will appear in the income statement (yes I know we haven’t discussed that yet).

A simple example here will explain it

- On January 1, 2018 we bought the laptop for $3000 (with a three year life)
- On December 31, 2018 we depreciated the laptop by $1000 ($3000/3 = $1000)
- The income statement, fyi for the moment, for the year ended December 31, 2018 shows a depreciation expense for $1000
- The balance sheet on December 31, 2018 now has a laptop with a value of $2000, having written off or depreciated $1000, and becomes the beginning balance of January 1, 2019
- On December 31, 2019, another $1000 was written off with the balance carried forward of only $1000 (2 years of depreciation or $2000)
- Finally on December 31, 2020, the final $1000 was written off with a balance carried forward of zero. That laptop has now been fully expensed or written off.

The balance sheet

However, what happened to the balance sheet. Let us say the only thing purchased on January 1, 2018 was the $3000 laptop. This means that the assets are still $100,000 dollars but now split between the bank account, $97,000, and the laptop $3000. On December 31, 2018, having written off $1000 of that laptop value the bank account is
still $97,000 but the laptop is now only $2000. What happened to that other $1000? Let us forget for a second about revenue, not a good idea. At the end of every fiscal year, in our case December 31, the net income (revenue less expenses equals' net income) is closed off to the retained earnings account. Yes, I know we have not even touched upon this yet but now just put it in your mind and will revisit it later, very thoroughly.

The retained earnings account is actually in accounting part of the “net” capital balance. Okay we have a problem, that $100,000 (the wealthy family) plus/minus retained earnings is no longer valued at $100,000 because in our case there is a loss of $1000 (depreciation). So guess what, $100,000 less $1000 equals $99,000. The bank account now standing at 97,000+ the laptop, December 31, 2018, of $2000 equals, surprise, surprise, $99,000, we are back in balance. Accounting, be aware, is not mathematics but you do need a basic understanding of arithmetic.

What is future economic value?

In order for an expense to be classified as an asset, it must have future economic value (or the value of an asset deriving from its ability to generate income). Simplistically, to make money you have to spend money! Okay what does this mean in English (or any language for that matter)? Take our laptop as an example, when we first bought it we expected to use it to generate income for three years, and had a ‘$ value/investment’ of $3000. Put another way, in the business we were going to derive value, generate income (economic value) and use that laptop purchase for 3 years. During the second year there was only two years left and after three years it had no value, it no longer functioned (hard-drive crashed) hence a zero value. After three years, there was no derived or implicit future economic value (or income) in that asset the laptop.

Every asset, whether it is the laptop or the SUV or prepaid expenses, remember, they collectively and individually contribute to generating future income. A $3000 laptop does not mean future revenue of $3000, it could be anything. The SUV does not, on a one-on-one basis, generate an equal value in revenue, it could be significantly more. However, they are all required to operate and run the business.

In accounting, every single asset will eventually be written-off and then replaced.

Mr. Peter Welch, CEO of GlobalCfo.LLC
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ARTICLE 3  THE FOURTH INDUSTRIAL REVOLUTION AND THE EARTH*

The stress on the earth’s natural systems caused by human activity has considerably worsened in the 25 years since the 1992 Rio Earth Summit in Brazil.

As a result of the “great acceleration” in human economic activity since the mid-20th century, research from many earth system scientists’ suggests that life on land could be entering a period of unprecedented environmental systems change. For example:

- The earth is losing its biodiversity at mass extinction rates. One in five species on earth now faces extinction and scientists estimate that this incidence will rise to 50% by the end of the century unless urgent action is taken.
- A record 29.7 million hectares of tree cover was lost in 2016 – an area about the size of New Zealand. Worryingly, this loss is about 51% higher than in 2015.
- Today’s greenhouse gas levels have not been seen for at least 3 million years, with carbon dioxide levels likely to remain above 400 parts per million. Record-breaking temperatures were recorded in 2014, 2015 and 2016, with 2017 set to break records too.
- Water security experts at the International Water Management Institute (IWMI) fear that, within the next decade, up to 30% of food production may be at risk because of climate induced water stress. The IWMI also estimates that more than 70% of rivers in the world are now so abstracted that they hardly reach the sea.
- Widespread nitrogen and phosphate pollution from poorly applied fertilizer has washed into seas over the past few decades, affecting fish stocks and creating, among other effects, oxygen starved “dead zones” in over 400 locations around the world.
These are wide-ranging and serious impacts on the earth’s land systems resulting from human activity. Scientists are concerned that they might even interconnect to trigger cascading “negative feedback loops”. These could flip the earth system into a wholly new state, characterized by a period of environmental disequilibrium, something far from the “Goldilocks” conditions (not too hot and not too cold) that the Holocene period has provided for human activity to flourish over the last 10,000 years.

Yet, at the same time as this great acceleration in human activity has put unprecedented pressure on our earth systems, so too has an incredible transformation taken place in our science and technology capabilities. It is now possible to understand and model complex systems at unprecedented speed and scale.

Just one of today’s standard tablet devices possesses the equivalent processing power of over 5,000 desktop computers from the mid-1980s, the height of the NASA Space Shuttle programme. Storing 1GB of data in 1997 would have cost more than $10,000 a year; today it costs approximately $0.03. In 2003, the first human genome was sequenced. It took more than a decade and cost $2.7 billion. Today, a genome can be sequenced in a few hours and for less than 1,000 dollars. The first app appeared in 2008 when Apple founder Steve Jobs enabled outside developers to create applications for the iPhone. Today, just a decade later, the app economy is worth $1.3 trillion, more than the total revenue for the global pharmaceutical market. WhatsApp, which was created in 2009, sends 55 billion messages a day. News about everything from celebrity gossip – to the latest species extinction – now travels fast.
The World Economic Forum has termed this period of accelerating innovation in science and technology – the transformative change in data and technology capabilities combined with a merging of digital, physical and biological realms – and its consequences on society as the Fourth Industrial Revolution. It is not only transforming social networks, scientific research and whole industries, it is also radically reshaping biological and material science innovations.

In addition to its transformative effect on industry and society, the Fourth Industrial Revolution is also transforming the opportunity for scientists, researchers and the sustainable development community to address environmental issues, such as biodiversity and habitat loss. This includes exploring how to harness the Fourth Industrial Revolution as a positive force for managing and conserving life on land better, while mitigating the risks that its developments in science and technology might create.

Harnessing these opportunities and proactively managing the risks manifest by the rapid evolution of new science and technologies will inevitably require more creativity and agility in current governance frameworks and financing arrangements. Managing this new agenda successfully will not happen automatically, however. It will require proactive, collaborative processes involving policy-makers, regulators, scientists, civil society, indigenous peoples, entrepreneurs, businesses and investors, among others, working together in new models of cooperation and co-design. Nevertheless, if gotten right, it could create a revolution in the “life on land” agenda that, for the first time in human history, would enable society to realize the full value of nature and catalyse a new, inclusive bio-economy as a result.
THE TVET EXPERT OF THE WEEK

Dr. John S. Gaal, USA

Dr. John S. Gaal is the Director of Training and Workforce Development for the Carpenters’ District Council of Greater St. Louis & Vicinity. As a labor representative, he currently serves on the St. Louis County Workforce Investment Board, Missouri Workforce Investment Board, International Vocational Education and Training Association’s Board of Directors, International Foundation of Employee Benefit Plans’ Committee on Apprenticeship, Training & Education, and National Skills Coalition’s Leadership Council. Within the past decade he completed terms of service on the U.S. DOL’s Federal Advisory Committee on Apprenticeship, the SkillsUSA’s Board of Directors, the Association for Career and Technical Education’s Board of Directors, and the Board of Education at the St. Louis Construction Careers Center Charter High School.

Dr. John S. Gaal received the Missouri Trade and Technical Outstanding Leadership Award in 2004, the Missouri NEA’s Horace Mann Award in 2007, the NAACP’s Labor Diversity Advocate Award in 2007, the St. Louis Council of Construction Consumers 2008 Diversity Champion Award, and the US Labor & Employment Relations Association’s 2014 Lifetime Achievement Award. Dr. John S. Gaal completed a union apprenticeship in carpentry over 30 years ago and has since earned an associate’s degree in construction management, a bachelor’s degree in architecture, master’s degree in international business, and a doctorate in organizational leadership. In addition, he completed post-doctorates at Harvard University (Trade Union Leadership: 2009) and University of Florida (Marketing & Management: 2014).

Dr. John S. Gaal was honored with two Fulbright (Specialist) Scholarships in Labor and Industrial Relations (Tokyo, Japan: 2010 and Toronto, Canada: 2015). Dr. John S. Gaal just began his 19th year as an adjunct professor at Webster University, and he has published numerous articles on issues related to international workforce development.

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*By Terry Wilhelm (Author)*

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