

Leadership in VUCA-World

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Sasin Collaborative Thought Leadership:

Transforming Our Critical Systems

LEADERSHIP IN A VUCA-WORLD



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We are honoured to kick off the 'Sasin Collaborative Thought Leadership: Transforming Our Critical Systems' series with the vision and insights shared with us by eminent business leader and thinker, Professor Dr. Klaus M. Leisinger, on the importance of purposeful leadership as a foundation for the creation of future-fit systems.

Leadership in a VUCA-World

by Klaus M. Leisinger

We live in a world that is characterized by volatility, uncertainty, complexity and ambiguity (VUCA). Doing the right thing in such an environment requires the ability to successfully manage economic, social and ecological dilemmas in search of corporate success that contributes to the social and ecological sustainability goals.

To say it bluntly: The complexity and dimension of the issues we face today is the result of the deficient political, business and societal leadership of the past. As we cannot solve our problems with the same thinking we used when we created them, and as it would be insanity to do the same thing over and over again and expecting different results, leadership concepts must be scrutinized with regard to their ability to do the right thing in the VUCA context. Leadership has always been demanding, but leadership under today's conditions is exceptionally difficult. While "transforming our world" towards sustainability (Agenda 2030) necessitates a different leadership profile also in the political, societal and academic sphere, we will focus here on business leadership.

Business enterprises are "specialized organs of society performing specialized functions" – and this in different contexts (OHCHR 2011). Business leadership starts with reflecting on and answering the "why-question", i.e. the corporation's *purpose*: "Why are we doing what we are doing? What are our goals? What is the *legitimacy* of our business and the corresponding activities in a greater sustainability context?" A thorough discourse of the purpose will, on the one hand, help leaders to determine the responsibility demarcation

from other societal sub-systems such as e.g. public policy, non-governmental organizations and academia. On the other hand, acknowledging that business companies are part of a larger societal whole, the discourse on purpose helps to decide with which social groups professional relationships are to be established and in what way. Profits are not an end in itself but the reward for a comprehensive good performance in all dimensions of corporate impact.

A helpful tool to create a corporate culture that combines entrepreneurial spirit and effectiveness with a responsible contribution to society as a whole is a values-based management concept ensuring that,

- the company's mission is defined holistically, i.e. being not only successful in the short-term business, but in the longer-term generation of social capital, the protection of natural capital as well as in the promotion of human dignity and human rights;
- a catalogue of basic values is defined (with the participation of many employees), the content of which is non-negotiable also in difficult times and ensures legitimacy and not only legality of corporate actions;
- corporate guidelines as well as codes of conduct are articulated in the spirit of these values – compliance management is enforced accordingly in everyday business life;
- Criteria for personnel selection (hiring), promotions, and performance appraisals reflect the spirit of these values and guidelines.

To create a corporate performance culture like this necessitates a special personality profile. Capabilities and competences like adaptability and flexibility in response to the rapidly changing and unpredictable nature of the environment, strategic thinking, resilience, and communication skills continue to be preconditions to good leadership – but “interesting times” ask for more than these traditional leadership capabilities. Effective leaders in a VUCA world need to have an orientation that the eminent German psychoanalyst and humanistic philosopher, Erich Fromm, called “biophilic”, or Albert Schweitzer called “reverence for life”. This includes the basic elements *care, responsibility, respect and knowledge*:

- *Care*, i.e. recognizing the needs of other people (colleagues, employees, customer, stakeholders), strengthening their personalities, values and self-awareness; motivating them through sensitivity, recognition and shared values; and, in particular, helping employees to grow. Care also includes the intergenerational application of the Golden Rule, i.e. not to do to human beings of future generations what you would not wish to have done to yourself;
- *Sense of responsibility*, i.e. the leaders' response to the needs, expressed or unexpressed, of another human being. To be “responsible” means to be able and ready to “respond” to those needs, including developing sensitivity for human dignity and rights;
- *Respect for others*, i.e. the ability to see a person as she or he is – and not seek to manipulate them so that they become as we want them to be. Respect is expressed by being aware of and accepting another human being's unique individuality in such a way that their dignity is preserved;
- *Knowledge*, i.e. not only life-long learning about new social, ecological, psychological and other phenomena, but transcending the concern for oneself and learning to see

other people in their own terms, without the filters of self-interest, considerations of utility, prejudice and organizational hierarchy. To do so requires leaders to possess 'self-knowledge', a sober awareness of their strengths and weaknesses, talents and competence, prejudices and blind spots.

Last, but not least: Also, leaders are human beings and thus concerned about the legacy they leave: Leaders in any sphere of society who are mindful of their legacy are aware that short-term success remains an important duty but never an isolated, overruling criteria for doing the right thing.

Suggested further reading:

Klaus Leisinger (2020): The Art of Leading. CRT publications, Minneapolis;

Klaus Leisinger (2021): Integrity in Business and Society. CRT publications, Minneapolis;

Erich Fromm: (1956/1975): The Art of Loving, London;

Leipzig Graduate School of Management (2017): The Leipzig Leadership Model, Leipzig;

United Nations (2011): Guiding Principles on Business and Human Rights. New York / Geneva.

<https://www.sasin.edu/content/insights/leadership-in-vuca-world>
