Feature

Meeting the leadership challenge of this century

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1. Introduction

Leadership is a central issue of our time. Rarely in human history has the gap between our challenges and opportunities on one hand and leadership capacity on the other been greater. We face profound challenges such as climate change, but we also have many of the solutions and resources to address even the hardest problems. Yet the problems persist and grow. The central reason for this is the lack of effective leadership. The leadership gap is evident everywhere: in the companies and organizations where we work, and in the communities and countries where we live.

Why do we not have better leadership? The question is asked over and over - in every part of the world, in every organization and at every level. Why are we failing? Why are we collectively sleepwalking through this period of extreme crisis? Why are so many of us who see these problems and can act so anxious and yet immobilized?

2. What is different about the 21st century? Why do we need to rethink leadership?

The simple reason may be that the way we think about leadership must evolve. Our idea of leadership has evolved with the times. Ancient ideas of leadership based on hereditary structures yielded to feudal hierarchies in which lords, vassals, and serfs had their roles. With the Industrial Revolution, leadership became associated with a hierarchy of managers and administrators overseeing complex bureaucratic structures based on rules and regulations. In the late 20th century, we saw a shift towards new ideas such as transformational leadership, which emphasizes inspiration over compliance, and servant leadership, which emphasizes the leader's role in empowering and supporting teams.

The 21st century poses dramatically different challenges and therefore needs fresh thinking about leadership. The most distinctive aspect of this century may well be extreme uncertainty and change. In just the past four years we have seen a pandemic, the rise of remote and hybrid work, high inflation and interest rates, disrupted supply chains, a war without end in Ukraine, a cold war between China and the West, and astonishing advances in AI to name a few developments. None of these upheavals were foreseen. Such volatility, uncertainty and extreme change are going to be the defining characteristics of the 21st century. Our world is likely to change more in this century than in all human history.

We are unprepared for the perfect storm that is ahead of us. This perfect storm is the result of the convergence of at least five powerful, accelerating, and reinforcing forces [1]:

Asymmetry: This refers to the accelerating disparity in wealth between individuals, between countries, between regions within countries, and between generations. A majority of people are getting left behind and they are resentful and angry. They distrust the existing system and institutions that have created such disparity. This spells major trouble for many societies and the world.

Disruption: The "Fourth Industrial Revolution" is delivering mind-boggling technological innovations, but it is also raising enormous challenges. These include the dominance of tech giants like Amazon and Google, the

undermining of society and democracy by social media and AI, the impact of robotics and AI on jobs. By 2050, there is a good probability that AI will reach singularity - the point at which it advances beyond our control. It is hard to imagine what life and work will look like in this scenario. Climate is the most important disruption facing humanity but the catastrophic impact of humans on the planet extends beyond climate. It includes the destruction of irreplaceable habitats, mass extinction of species, and pandemics, to name a few. We have only seen the tip of the iceberg so far; the worst is yet to come.

Age or Demographics: These will pose new challenges. Regions such as South Asia and Africa with huge young populations will have the formidable challenge of creating sufficient jobs and livelihoods. In contrast, wealthy countries with aging populations have the opposite problem. They will run out of workers, and more people will run out of savings. They will need a safety net, straining public finances even more. The combination of these demographic imbalances, climate change and conflict will result in more forced displacement and migration.

Polarization: The world started fracturing along various divisions - religion, race, income, and ideas - as disparities grew and people's faith in leaders and institutions started breaking down. These divisions have been stoked by opportunists, resulting in nations of differences rather than diversity.

Trust: All around the world, trust in government, business and institutions is declining dramatically, especially among the disadvantaged. Fewer people believe that their leaders, institutions, or the existing system will deliver a better future. When people do not trust leaders or institutions, they resist change. Polarization and distrust destroy our ability to work together to solve problems and make progress when it is most critical.

3. What are the implications for how we think about leadership?

The interplay of these five gathering trends creates conditions resembling those on a battlefield. This is why the military term VUCA (Volatility, Uncertainty, Complexity, and Ambiguity) is often used to describe our times. Just as wartime and peacetime require very different leadership, periods of extreme change and VUCA require us to change our ideas about leadership in at least three critical ways.

3.1 What is leadership? Who is a leader?

One of the most critical things that we all need to realize is that to address the extraordinary challenges of our time, we cannot and must not wait to be rescued by someone else. The world is simply not going to improve because those who are in charge. For things to improve, we need countless ordinary people stepping up, leading, and improving the situation. As Mahatma Gandhi is said to have taught, each of us must be the change that we wish to see in the world.

Engineers and scientists tackle tough computational problems by breaking them down into pieces and then chaining together tens of thousands of processors to solve the pieces. This provides a good analogy. To solve the enormous number of problems that we face both locally and globally, we need to increase the number of problem solvers and leaders by a factor of a thousand or more. We have realized that each of us can lead. We have to get millions more people to believe that they can be leaders, that they can make things better for themselves and others, that they can be the change. If we are to create better outcomes, leadership has to come from everyone and everywhere not just from people with wealth or power. This is what Bill Drayton, the founder of Ashoka

> "We cannot wait for great visions from great people, for they are in short supply. It is up to us to light our own small fires in the darkness."
> - Charles Handy [2]

meant when he said, "Imagine a world where everyone is really a changemaker. If everyone is a changemaker, there's no way a problem can outrun a solution."

So, the most critical shift in our thinking about leadership must be that in the 21st century, leadership is not about title, or about position or power. Leadership is fundamentally an act; it is simply the act of inspiring a group of people to rally around a common cause and achieve something essential, something that would not have happened otherwise or could not have been individually accomplished.

Just because somebody has the title of "Vice President" or "Minister" does not make them a leader. Many people in such roles are risk-averse bureaucrats whose core strength is organizational politics. They have no followers, only subordinates. These are not the people who are going to drive the change that we seek in our companies or the world.

True leaders in organizations and society are those who can rally people to make things happen, and get things done. They do not wait to be rescued, and do not wait for a mandate or to be empowered. They simply see something that needs to be done, an opportunity to make a difference, and answer an inner call to action. They are not constrained by position or formal power, they do not ask for forgiveness or permission, and they lead by influence, not authority. Climate warrior Greta Thunberg is a good example of this but each of us knows similar unsung heroes.

3.2 What are the most important traits of a 21st century leader?

Many leadership traits are timeless: courage, vision, empathy, and communication. However, I would posit that there are four leadership traits that are particularly crucial given the challenges we face in the 21st century:

1) Entrepreneurial Mindset

An entrepreneurial mindset is a set of beliefs and skills that enable a person to identify and make the most of opportunities, overcome and learn from setbacks, and succeed in any setting. Some of the elements of an entrepreneurial mindset include:

- Agency. Entrepreneurs believe that they have the power to choose and make their own decisions. They are proactive and refuse to see themselves as victims.
- The ability to see opportunities in every problem, rather than problems in every opportunity.
- Decisive, unbiased in action and results oriented.
- Resourceful. Resourcefulness matters more than resources. Most entrepreneurs have to bootstrap their way to success.
- Skilled at solving problems.
- Adaptability to changing circumstances and show tenacity and optimism in the face of challenges.

These are all essential traits for leadership in a fast changing, volatile and uncertain world. Fortunately, this is a mindset and skillset that can be developed.

2) A Higher Ambition: Caring about People and Planet

Most of the problems of our time, whether it is regulating AI, getting to net zero, reducing inequality or extreme poverty, are complex or wicked in the sense that they are the outcomes of multiple complex systems. They cannot be solved by government alone or by the private sector alone. They require all of society - business, government, civil society, academia - to come together in mission mode behind a common objective. A good example of this is the phase out of freon and other CFCs (chlorofluorocarbons) under the Montreal Protocol.

Paul Polman [3], a former CEO of Unilever, is a tireless evangelist for "net positive," describing leaders who give back more than they take and companies that leave the world in a better state than it was before they started. Both practically and morally, corporate leaders can no longer sit on the sidelines of major societal shifts or treat human and planetary issues as "someone else's problem." For their own good, companies must play an active role in solving our biggest shared challenges. The

economy will not thrive unless people and the planet thrive. While Polman focused particularly on business leaders, this idea applies to all of us, i.e., our well-being depends on collective action.

What does such "high ambition" leadership entail?

- It starts with a purpose-driven belief that business cannot be simply a commercial activity and it must be closely connected with the broader societal and planetary context in which it operates.
- Willingness to set and embrace audacious goals and possess the courage and tenacity to pursue them in the face of resistance, skepticism, and setbacks.
- Tri-sectoral athlete, able to move fluidly across sectors and build relationships and partnerships with leaders across other sectors.
- A systems thinker who appreciates the interconnectivity of the ecosystem, understands system dynamics, and is naturally curious and open to ideas and experimentation with a strong results orientation.
- Seeks disruptive ideas and novel solutions that do away with false tradeoffs such as profitability versus sustainability.

3) Providing Clarity and Hope

As the pace of change in the world accelerates, there is more uncertainty and more people are confused, disoriented, anxious, overwhelmed and depressed. In the result, mental health issues are exploding. During such a period, a critical task of a leader is to make things simple, to provide clarity and hope.

Satya Nadella [4], CEO of Microsoft, explains this well. "The most important attribute that any leader needs to have—and it is often underestimated—is the need to create clarity when none exists. You don't need a leader when everything is well defined, and it's easy, and all you have got to do is follow a well-written plan. But in an ambiguous situation, where there cannot be complete information, that is when leadership will matter. Your ability to come into an uncertain time and an uncertain future and bring about clarity is key. The people who are capable of getting into a situation where there is in some sense, panic, and who can bring first clarity on what to do next—that is invaluable."

A primary task of a leader in today's turbulent and grim times is to help people avoid the doom loop of pessimism about their situation and other people, to provide clarity, to help them focus on what they can accomplish, and thereby remain hopeful and optimistic. It turns out that the way to do this is by telling a compelling story. Human beings are moved by stories more than facts and logic. In our fast-changing world, people can feel overwhelmed and need something solid to hold on to. What often proves helpful is a story or narrative that helps them make sense of what is happening around them. In this situation, the ability to help people make sense of things, tell the difference between what is important and what is not, and combine all the bits of information into a coherent, simple, hopeful story, a roadmap for the future world, is effective leadership. This is what creates followers.

4) The Inner Game of Leadership

Leadership is about two games – an outer game and the inner game [5]. The outer game is about using knowledge, experience, expertise, managerial skills, and leadership competence to achieve results. The outer game is essential, and most leaders spend virtually all of their time in the all-consuming outer game because its daily demands are intense. However, plenty of evidence supports the limitations of focusing solely on the outer game. The ability to understand and manage one's own thoughts, emotions, beliefs, and self-perception is critical to becoming a more effective and authentic leader. The core idea is that before you learn to inspire, influence, and change others around in moments of adversity, how about you learn to inspire and manage yourself? Excellence in leadership requires both a well-honed outer game and a highly developed inner game.

The inner game of leadership involves an intentional and sustained focus on issues including self-awareness,

character and self-regulation, beliefs, redefinition of success and failure, identity, self-confidence, and mindfulness. The inner game determines and shapes the outer game. Leaders who focus on their inner game find that it enables them to lead with confidence, adaptability, and empathy that are vital for guiding their teams and organizations through turbulent times. The inner game enables them to remain resilient, make sound decisions, inspire their teams, and maintain a positive, forward-thinking mindset, all of which are essential in the face of uncertainty.

Meditation, reflection, mentoring, coaching, and therapy are essential practices for deepening the inner game of leadership. These help leaders become more conscious, and the effects of such conscious leadership extends far beyond the boundaries of the organization, positively shaping society and contributing to a more sustainable and flourishing world.

3.3 How do we intentionally develop such leaders?

In a seminal paper, leadership scholar Abraham Zaleznik [6] differentiated between two personality types namely once-born and twice-born. To be "once-born" is to have lived a life that has been straight-forward and peaceful. To be "twice-born" is to have had a life punctuated by one or more tough challenges or crucible experiences. The crucible experience often yields a transformation of one's personality. In particular, both Zaleznik and Burns [7] found that once-borns are individuals who want to fit in and do what is expected of them. They are well socialized, obedient to authority, and reluctant to challenge rules. They are self-conscious people who worry about what others think of them. Once-borns tend to value predictability and may lack creative responses to life's events. Once-borns forget to live for the sake of living. In contrast, twice-borns tend to have been through a variety of extremely challenging experience such as loss, separation, illness, betrayal, and surviving them initiates them into a deeper, more meaningful life. They develop courage, self-confidence, adaptability, and other skills which enable them to turn adversity to their advantage.

This points to how leaders with the requisite qualities can be developed. The mindset and skills required can be learned, but not via training and most traditional leadership development programs [8]. They can only be reliably developed through diverse crucible experiences. This involved intentionally throwing people into successively bigger challenges well outside their comfort zone. These experiences become crucibles in which they learn to become entrepreneurial, develop a growth mindset, and start reflecting on their inner game. [9][10]

4. Conclusion

Leadership has always been important, but in this century, the caliber of leadership in our institutions and society may be existential. However, our ideas about what is leadership, who is a leader, what really matters, and how we develop these qualities need a radical rethink. The positive news is that many more people are capable of leadership than we ever imagined. As former US President Barack Obama [11] says, "Change will not come if we wait for some other person or if we wait for some other time. We are the ones for which we have been waiting. We are the change that we seek." This is so true. Our institutions, our companies and the world around us will not change for the better just because they need to or because we hope they will. The many problems that bother us will not be solved by others. They will change only if each of us, and enough of us, start leading the change. Fortunately, nearly everyone can lead, and this may be our greatest hope.

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