How to Exercise Leadership in Complex Contexts

by Alessandro Cravera*

The concept of leadership is at the center of a paradox. The "2020 Training Industry Report" states that organizations have spent 3.5 billion dollars in leadership development programs, with a trend of growth.1 This rush to develop leaders clashes with the abundant evidence indicating a widespread crisis of leadership.

According to "The State of Leadership Development Report" published by *Harvard Business Publishing*, 60 percent of people under 36 years of age judge the quality of leadership develop programs in their organizations to be insufficient.[2] The research conducted by Robert Kaiser and Gordy Curphy indicates a negative correlation between the money spent in interventions to improve the quality of leadership and the trust people have in their leaders.[3] Similar results are seen in the indicators measured by Ipsos at the international level: only 9 percent of politicians and 12 percent of government ministers in office are judged as trustworthy by citizens, and approximately 60 percent of people in the world believe that their country is on the wrong path due to the fault of the leaders.[4]

THE CRISIS OF LEADERSHIP

Leadership is in crisis because it is often not conceived to face complex situations.

The 2008 financial crisis and the current pandemic have made the interconnection between our realities quite evident. We live in a non-linear, interdependent, unpredictable context full of trade-offs. Each deci-

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sion and action of ours is related to others and can potentially reconfigure the system in which we live. Without widespread education to complexity we risk a situation in which the short-sightedness and lack of awareness of our individual decisions, even when they appear to be safe or innocuous, can trigger consequences not only locally – close to us – but globally as well.

We continue to desire a world from an engineering standpoint in which everything has a measure and there is an optimal strategy to reach every goal. And when this doesn't take place, we attribute the cause to a low ability for execution.

This approach is correct only within so-called orderly systems/areas, where the relationship between variables is linear and stable and a "best way" to reach a result exists. It is only necessary to identify it and implement it correctly. To give an example, the goal indicated by the Italian government in the spring of vaccinating 80 percent of Italian citizens by the end of the summer falls under this area. Starting from the result indicated, the processes, resources, and technologies necessary to optimize the distribution of the vaccines and reach the result can be defined. Analysis and execution represent the pillars of the strategic approach and leadership the ideal tool to guide these two processes.

However, this approach enters into crisis when we must move in non-orderly systems/areas where the relationship between the variables is unstable and non-linear, and there is no a priori optimal solution to be found. The management of the pandemic crisis in order to minimize the health and economic impacts represents an example of this type. It is not possible to approach this goal using a classic scheme of analysis, planning, and implementation. In this case, the strategy is not guided by the end result, but by the starting conditions. The pillars are not analysis and execution, but the ability to read the context (*context reading*), rapidity of action, flexibility, and continuous learning. The approach becomes one of *try & learn*, and for the success of the strategy a contribution is needed from all of the agents involved in the system. So what counts is not only the intelligence of the individual who decides the strategic plan, but it becomes fundamental to guide collective intelligence that supports the evolution of the system. The strategy takes new forms: from a plan and process, it is transformed into narration and generation of contexts. And the

exercise of leadership must take on different forms.

I will try to concisely present the five principal problems linked to the concept of leadership adopted within companies, organizations, and politics. In the final part of the article, I will describe what it means to exercise leadership in complex contexts.[5]

THE FIVE PROBLEMS OF LEADERSHIP
Leadership favors contents over context

According to a study conducted by McKinsey, leadership development programs are not effective because they tend to prefer content over the context in which they are to be applied, and because they are too theoretical, thus lacking concrete application.[6] The teaching of leadership is often descriptive. There is a tendency to teach approaches and "golden rules," and often methods and practices are spread inspired by best practices defined by gurus in the sector or great figures who have obtained exceptional results in their careers: from Jack Welch to Richard Branson, from Phil Knight to Phil Jackson. The consequence of this approach is that the programs are often detached from reality and do not help the participants develop a vision of "context reading," that is, the ability to read and interpret the different context in which they must act and exercise leadership.

Leadership creates followers and stifles thinking

The cultural model of the real exercise of leadership is still that of one person in control, with an array of followers. The leader-follower scheme has a series of problems, though.

- The gap between individual knowledge (what an individual is able to know) and collective knowledge (what is known) is gradually expanding. Reality is more complex than in the past, and in order to be able to face the problems and situations of today in every field – whether it be politics, social issues, economics, or business – it is necessary to have multidisciplinary skills and to make use of the collective intelligence of the agents involved in the system.
- This scheme leads followers to consider their leader as superior and infallible, that entails a lowering of critical thinking and the emergence of "in-group/out-group" dynamics, i.e. the creation of groups of fans around specific figures.
- Many capable people do not like to consider themselves followers. Leaders therefore risk being followed only by those who are easily influenced, lazy,

or less capable. Although numerous, a group of followers of this type can make the leaders stronger, visible, and powerful, but are unlikely to make the organization more effective and innovative.

Leadership offers certainty and reduces complexity

We have been programmed to survive, and this implies transforming the unknown into the known. We have difficulty living with uncertainty and we do everything to overcome and transform it. This is why it is not uncommon for those who act as leaders to dispense certainty, to have a solution for every problem, and to reduce complexity by offering simple solutions that can be easily understood by everyone.

According to Ronald F. Inglehart, director of the World Values Survey, the values of society change based on the degree of security perceived. For much of human history, survival was not at all certain. Food scarcity, extreme poverty, and the absence of medical care made life an obstacle course in which only the lucky few were able to survive. In this kind of context, values emerge such as closure towards others, xenophobia, the fear of differences, and obedience to strong leaders.

Since the end of the Second World War, the level of wellbeing has grown, and with it the certainty of surviving. New values have begun to emerge such as attention to the environment, openness to others, inclusion of diversity, and freedom of expression. Democracy itself has spread as never before.

In the last twenty years, however, we have seen a dangerous lowering of the degree of perceived secu-

rity. The development of technology, and of artificial intelligence in particular, is leading to the disappearance of trades and jobs. Economic inequality is growing and what is considered the middle class tends to contract in quantitative terms and have a lower quality of life compared to the past. The phenomenon of migration in recent years also tends to lower the level of perceived security. To this we can add the effects of the Covid-19 pandemic, that has necessarily reduced social relations and generated a climate of widespread diffidence towards others and fear for the future.

Ancient values are re-emerging, linked to a low degree of security of survival. Religious intolerance is spreading and taking root, we see a resurgence of racism, populist and illiberal politicians are elected as leaders, the push to protect the environment has waned, and the social climate, thanks in part to social networks, is continuously poisoned by fake news, aggression, and verbal violence. In this context, the risk is precisely that of trusting people who fan the flames by feeding these fears.

A question of skills

The skills and attitudes that favor the rise to positions of leadership are very different from those needed to exercise it effectively. Very strong personal ambition, a strong orientation towards challenges and competition, combined with the pleasure of making decisions and influencing others, are fairly common characteristics in leaders of all kinds and areas. It is no coincidence that the spread of narcissism in the overall population is only 1 percent, while among CEOs it rises to 5 percent.[7]

These characteristics undoubtedly help people stand out among others, but they are not the most useful to manage an organization once in a top position. When the game is personal, i.e. when reaching the a certain goal advances your career, only the "what" counts (the target reached or not). When you have reached the top of the pyramid, though, the game stops (or it should stop) being personnel and becomes collective, it regards the entire organization. In this case, in addition to "what" (the goal reached), "how" it is reached also counts a great deal.

Think of the political world. The skills to enter politics and stay there today are very different from the skills needed to manage the *res publica*. Being elected means being rewarding for the ability to win support with easy promises, the inclination never to take a position in order not to make anyone unhappy, and the ability to change opinion depending on the situation, without any worries for coherence and conscience. We know well that these abilities are also pernicious when it coms to governing a country.

Leadership has gone from a means to an end

On social networks, leadership is personified by influencers who measure their strength based on the number of their followers. Similarly, in politics, leaders are those who lead opinion polls. Today the concept of leader is combined with the personal success of those who offer themselves as such. A leader is one who emerges among others, differentiates themself from the masses, creates followers and emulators. So today leadership is considered an end, not a means. It is important to reach it, not to exercise it to improve the conditions of the system that the leader should lead.

COMPLEX CONTEXTS

The top-down logics typical of classic leadership tend to transform people into executors of plans and rules defined from above, and to extinguish their spirit of initiative and personal commitment. As we have seen, facing a complex situation, however, requires rapid action, flexibility, and continuous learning.

What type of leadership can favor this change? The Shared Space project launched by Hans Monderman in some Dutch and German cities can respond to this question. The Dutch engineer has convinced city administrations to eliminate all forms of road signs. The effect on the behavior of motorists, cyclists, and pedestrians was immediate and radical. In the absence of rules, everyone was aware of the impact their choices and behavior had on others. The individual responsibility of making choices compatible with the safety of others has generated self-organizational dynamics that have increased collective responsibility.

A change in the context has educated people to recognize interdependence and responsibly experience the social dynamics of which they are a part. Those who generated this context expressed a form of leadership consistent with the governance of complex systems.

Shared Space points to a new path to follow. It indicates leadership that does centralize choices, does not create followers, and does not sell simplistic recipes to face today's problems. It indicates a form of leadership – perhaps invisible – that generates responsibility in people, and above all, makes them protagonists of sustainability in the world of tomorrow. To transform the members of an organization from executors of prescribed tasks into pro-active agents with the capacity for judgment and autonomy of action, the leader must become a creator of contexts. The exercise of leadership aims to multiply the points of observation and contact, exploration and orientation, and not to force others to blindly follow the path indicated by a leader.

"Always act to increase the number of choices" is the advice that Heinz von Foerster gives to deal with complexity. Far from reducing the number of thinking minds, we should multiply them; far from choosing a single path, we should stimulate the continuous and simultaneous search for new paths; far from seeking uniform behavior, we should favor diversity, welcome it, integrate it, and make it our own; far from aiming for the organization of people, we should bring out dynamics of self-organization within businesses. Mark well, it's not about creating democratic contexts in which everyone votes to identify the best choice, but rather to spread awareness of the situation, the trade-offs related to it, and the different options on the table. As an architect of contexts, the leader is not the ultimate decider. He is the one who puts others in a condition to understand what is happening and thus decide. He upsets the system, he does not control it.

TOWARDS "WISE LEADERSHIP"

The exercise of leadership in complex contexts, in addition to the capacity of *context generation*, must be able to interpret and influence the area in which we move, be able to manage trade offs, and anticipate the effects of its actions. These abilities are very different than those commonly associated with a leader: charisma, persuasive ability, assertiveness, and rapid action and decisions.

If we wish to foster the emergence of different leaders, able to navigate the complexity of our world, we need to rethink the criteria for selection and training of the governing classes. In particular, there is an aspect that is particularly important and that should be evaluated and developed in future leaders: the ability to use intelligence, creativity, and knowledge to reach a common goal, balancing personal, interpersonal, and extra-personal interests, short and long-term effects, adapting to the environment in which the leader acts and shaping it to make it more favorable for the result she seeks to obtain.

It may be surprising to know that this ability represents the most widely accepted academic definition of the concept of wisdom, that can be considered as the art of balancing trade-offs in view of a common good.[8]

Leadership in complex contests must therefore be "wise leadership." Exercising it means developing awareness of oneself (of one's limits and knowledge) and of the context in which one operates; but also being able to interpret reality, observing it from multiple points of view and minimizing the negative effects of our actions on the system. In short, leadership means above all "thinking well" and "acting for the common good."

Wise leadership is based on four enablers that favor its adoption. With the term "enabler" we intend a set of skills, attitudes, traits, and value orientations that, combined with each other, favor the emergence of wise thinking and actions.

This set of enablers can be influenced by four inhibiting elements: cognitive traps, personality traits, and behavioral practices, that trigger automatisms of thinking and action.

The four enabling factors of wise leadership are:

- *common good focus*: this can be considered as the propensity to prefer action oriented towards the "common good." Wise leadership therefore manifests itself with overcoming personal objectives and balancing the collective interests at play. Its aim is constantly oriented towards creating a better context than in the past. And this is valid whether we speak of a company, an economy, or politics. The propensity for the common good determines the choice of the course of sustainable actions, reducing the potential negative impact on the system and favoring a positive trajectory of evolution;
- *context reading & shaping*: wise leadership is based on both the profound comprehension of the context in which we act and the propensity for transformative action of the same. Action is not inserted into an ideological or idealistic scheme of reality, but is strictly connected to the situation we must face, with its constraints and peculiarities. At the same time, though, action is conceived to generate a new future;

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empathic & social concern: leadership is based on relationships, and thus inclusion and openness to others (points of view, emotions, and peculiar characteristics) represent a fundamental aspect of the same. This enabling factor allows for making the action of leadership warmer, and thus able to generate social interactions that are benevolent and more effective for the parties involved;

- *short/long-term balance*: complexity requires constant attention to the temporal dimension. The action of leadership cannot be blind to its future effects, nor can it sacrifice the importance of present results on the alter of the long-term. The balancing of short and long-term effects and the choice of preferring one or the other, based on the moment and the situation, represent a determinant factor for the exercise of wise leadership.

Alongside the enabling factors, there are four others that can hinder the exercise of wise leadership:

- *ego centering*: the ego itself does not represent an obstacle to leadership; actually, it can be a central element that gives strength to our actions to reach the goals we have set. However, the ego can become a powerful obstacle to wise leadership when it exceeds certain borders and transforms into the desire to put oneself at the center of the action, overestimating one's importance and ability for influence. In this case, the context in which we operate, the interests at play, the trade-offs and the common good, fade into the background with respect to the goals, needs, and point of view of the leader;
- *need for control*: this represents the impulsive need to control things. It expresses itself with a low tolerance for uncertainty and can lead to inaction nor dogmatism. Signs of this inhibitor are attempting to fit uncertainty into known frameworks and retreating to consolidated practices that have produced good results in the past. These are cognitive strategies that are incompatible with the need to live with ambiguity and the unknown that today's leaders must develop;
- *need for consensus*: this represents the impulsive need to obtain the consent of others. It manifests itself in the low propensity to expose oneself and in a conformist attitude. A leader with this propensity will tend not to take positions, he will lean on the judgments of others before taking any initiatives, and above all, will be more worried about the judgment of others than the quality of his own actions;
- *bias*: the exercise of wise leadership may be inhibited by the activation of cognitive traps that can distort the interpretation of reality and influence the efficacy of action. Some forms of bias that are potentially harmful for the exercise of leadership are the

tendency to prefer information that confirms one's own hypotheses, avoiding contrary opinions (*confirmation bias*), the mental process that leads to considering an event that has already occurred as more predictable than it really is (*hindsight bias*) and the tendency to always prefer action rather than waiting/inaction (*action bias*).

Think of how the world would change if we began to consider as leaders only those who think, act, and work to create a better context. We are not talking about an idealist who designs a utopian, ideological, and unattainable world, but rather an architect of the future, aware of her limits, who catalyzes the best energies to orient choices and actions towards sustainability and the evolution of the reality in which she operates. A person who does not offer false certainties, but helps people live with uncertainty and ambiguity, without rigidly dualistic visions ("black or white"). A leader who does not create followers, but generates other potential leaders.

Today these types of leaders remain on the sidelines. Despite being present in organizations and being decisive for their success, their contributions often remain in the background compared to those of other people whose behavior is more pronounced and decisive. There is still a preference for those who show themselves to be decision-makers, sure of themselves, and who stand out for their appeal and charisma. The force with which a message is transmitted still wins out over the quality of the message itself. The target to reach exceeds the importance of the purpose to achieve. And this continues to happen because there is a lack of widespread awareness of what is needed to move forward and live in complex contexts.

We thus urgently need to redefine the criteria for assessment to favor the emergence of new leaders with different characteristics than in the past, and to conceive new training methods that facilitate the development of different and more evolved forms of leadership.

The hope is that this dramatic moment, in which the Covid-19 pandemic has made everyone realize the effects of the interdependence and interconnection of the world, will lead rapidly to a rethinking of many limited and obsolete convictions on the qualities necessary for tomorrow's leaders.

1   *"2020 Training Industry Report", Training Industry, 2020.*

2   *"The State of Leadership Development Report",* Harvard Business Publishing, *2018.*

3   *R.B. Kaiser, C. Curphy, "Leadership development: The failure of an industry and the opportunity for consulting psychologists,"* Consulting Psychology Journal: Practice and Research, *65(4), 2013, pp. 294–302.*

4   *"What worries the World", Ipsos MORI, October 2016.*

5   *A part of this analysis is taken from A. Cravera,* Allenarsi alla complessità, *Milan, Egea, 2020.*

6   *"Why leadership-development programs fail", McKinsey Quarterly, January 1, 2014.*

7   *T. Chamorro-Premuzic,* Perché tanti uomini incompetenti diventano leader?, *Milan, Egea, 2020.*

8   *R. Sternberg, J. Glück,* The Cambridge Handbook of Wisdom, *Cambridge, Cambridge University Press, 2019.*

SYNOPSIS

- The cultural model of the real exercise of leadership is still that of one person in control, with an array of followers. The concepts of leader and leadership are thus still associated with characteristics such as charisma, persuasive ability, assertiveness, and rapid actions and decisions. These are all abilities no longer appropriate to govern the complex reality in which organizations are immersed.
- The exercise of leadership in complex contexts must abandon the old logic of control and become smarter, moving towards "wise leadership." Exercising it means developing awareness of oneself (of one's limits and one's knowledge) and the context in which we operate.
- Wise leadership is based on four enablers: the propensity to prefer action oriented towards the "common good"; the understanding of the context in which one acts; relational ability, and thus inclusion and openness towards others; and constant attention to the temporal dimension, and thus the effects of one's actions in the future.