

Humane leadership must be the Fourth Industrial Revolution's real innovation

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Do we need a new type of leadership for the Fourth Industrial Revolution (4IR)? We have heard it many times: the 4IR is not only here to stay, but is moving faster than we thought. The real question is whether leadership is also adapting to this new business environment.

Let's start with some bad news:

- The latest [CEO-to-worker pay ratio](#) recorded in the US was (ready?) 321:1. In spite of the devastating recession of 2008, public debate about inequality is growing. To add insult to injury, remarkably, the increase in size of CEOs' pay-cheques comes without clear correlation to either company performance or sustainability.
- As demonstrated by [Jeffrey Pfeffer's latest book, Dying for a Paycheck](#), deaths related to stress, toxic workplaces and bad management practices are on the rise. In China alone, more than 1 million people per year die due to such causes.
- Organizations, institutions and societies are going through a major crisis. Performance continues to decline whether measured through return on assets, or return on invested capital; the [average US firm's return on assets has progressively dropped 75% since 1965](#), despite rising labour productivity.
- The average life expectancy of Fortune 500 companies has [decreased from 75 to 15 years](#) in the last 50 years. Furthermore, data shows that only [13% of the workforce is passionate about their work](#), despite the plethora of techniques and resources spent on learning and development (L&D). Global figures show that [80% of employees are less than fully engaged at work](#).

As you can see from this data, we have a problem: something is broken here. The old leadership model does not work and is actually getting worse. A big shift in management and leadership is a long-overdue change.

What do leaders/employees and organizations need to do to survive and thrive in the 4IR?

An organizational culture is [a reflection of its leaders' culture, ethics \(or lack of them\) and consciousness](#). The impact can be observed as a "ripple effect" throughout teams and the organization, with multiple and accelerating impacts upon communication, employee commitment, ability to innovate and other aspects of performance.

Still, there is an illogical dynamic at work. Even as the link between superior people management and better performance becomes clearer, there is scant progress. In the UK, for example, a report by the Chartered Management Institute in 2012 found that some [80% of managers in high-performing organizations report that their own line manager is effective or](#)

highly effective, compared with 39% in the poor-performing workplaces. Yet the overall proportion rating their managers as ineffective was over 40%! Would we tolerate such a failure rate in any other profession?

Recently, the Chartered Institute of Personnel and Development reported [that the quality of management has not improved in the past decade](#). This is depressing on many levels: procedures to maximize productivity, innovation and employee autonomy were “still not the norm”.

What is needed, therefore, is a complete management shift in order to enable organizations to survive and thrive in the 4IR.

The most substantial improvements start but do not finish with individual leaders: their beliefs, conduct, ways of handling people and understanding of strategy. A key part of the new mindset is to perceive the organization as a dynamic entity, not an inert set of assets.

You also need good intelligence. Leaders need to understand their own weaknesses and strengths and be in possession of information on how all the business units are operating. In this respect, coaching could be a very effective way to increase self-awareness and reduce blind spots of managers. The management shift needed to adapt to the 4IR is divided into two categories: individual and organizational.

For the individual shift, senior leaders and management need to fully understand their teams and learn about how to impact them. Research supports the concept of levels of engagement and performance, from Level 1, which is apathetic, through to Level 5, passionate and unbounded. This emergent leadership model draws on social neuroscience and complexity theory, as well as empirical research on employee engagement and organisational behaviour.

Each level is characterised by distinct mindsets and behaviour. With coaching and facilitated discussion, people can improve. A significant change occurs moving from Level 3 to Level 4; this is the key moment of the management shift: the point at which high-performance begins. Level 4 is the level where Leadership 4.0 emerges. This is leadership need for surviving and thriving in the 4IR.



Typical phases:

- Level 1 – Lifeless/Apathetic: “I am demoralized/There is nothing I can do to change this situation.”
- Level 2 – Reluctant/Stagnating: “I am frustrated/There is no point trying too hard.”
- Level 3 – Controlled/Orderly: “I need to be in control/I’m reluctant to share information.”
- Level 4 – Enthusiastic/Collaborative: “We can achieve great things as a team/I respect myself and others.”
- Level 5 – Unlimited/Unbounded: “I inspire others to achieve their unlimited potential/I am living a fulfilled life.”

How can leaders and organizations shift to a higher level of performance and success, while facing challenges of the 4IR?

The concept of such developmental levels is also applicable for organizations. Here, because one is dealing with a multi-dimensional entity, the [6 Box Leadership Model](#) explains how to encompass all major elements. Three of the six dimensions relate to people – Culture, Relationships, Individuals; and three to business processes – Strategy, Systems, and Resources (see Figure 2).



Key to putting this together is to understand the links between personal and organizational development.

When people and their teams become more empowered, this, in turn, ripples out through the organization, transforming under-performing teams and units into highly engaged and efficient operations.

For example, at a City of London insurance company, the 6 Box Leadership analysis revealed a strong culture and work ethic, but also a tendency towards short-termism and risk of employee burn-out. Implementing the program helped improve training, boosting engagement and performance.

A US management consultancy transformed its performance using the management shift, doubling its headcount and increasing revenue five-fold some in 18 months.

At a FTSE100 company, use of the 6 Box Leadership Model revealed ways to improve engagement and innovation. Two years later, there was a 33% increase in revenue and an increase in net profit of 213%.

One National Health Service Trust in the UK used the approach to reduce “command and control”-style leadership with a more participative style. This led to a considerably more people-focused culture, with the clinical director reporting a better organizational climate and treatment for patients as a result.

Organizations can transform themselves from under-performing to high-performing, but only if they shed the dated notion that employee engagement is a side issue or the “soft stuff”. Research now shows that a comprehensive approach to the development of leaders, their teams and the wider organization can have a dramatically positive effect.

In conclusion, the 4IR has a disruptive effect on leadership: the old model, the carrot and stick, toxic leadership and organizations based on fear and control do not work. A new model is needed, a model where leadership has not only a functioning radar to understand what is happening across the company, but also a [moral compass to steer the ship in the right direction](#), guided by ethical choices and responsibilities. Not merely a change, but a true shift towards [humane leadership](#), where trust and respect permeate organizations.