LEADERSHIP TRANSFORMED

Our Management 4.0 campaign is examining the skills and practices that managers and leaders will need in the future; in a workplace and world transformed by automation and AI.

In an age where technology is enabling new business models, disrupting existing business practices, transforming the workplace and shifting the balance of power.

And at a time when society is becoming more diverse, when the workforce is ageing and where the demands and expectations of employees and consumers are changing.

To start the conversation, we are publishing a series of short discussion papers exploring six of the key drivers and forces of change. Together, they lead to one simple conclusion: how we practice management is being transformed.

WHAT IS THE ROLE OF LEADERS IN THE DIGITAL AGE? WHAT SKILLS AND ATTRIBUTES WILL TOMORROW'S LEADERS NEED TO THRIVE, AND WHAT NEW LEADERSHIP STYLES WILL EVOLVE? HOW WILL LEADERS MANAGE THE ETHICAL DIMENSIONS OF AI?

As workplaces are transformed by the Fourth Industrial Revolution, and as the expectations of employees and consumers change, leaders will need to change too.

> **FROM A LEADERSHIP PERSPECTIVE, I DON'T THINK THE CHALLENGE IS AN INTELLECTUAL ONE OF KNOWING WHICH DISRUPTION IS COMING. THE CHALLENGE IS HOW YOU GET THE ORGANISATION TO EMBRACE THE LOOMING CHANGE.[1]**

Traditionally, leaders have used technology to cut costs, streamline processes, improve products and develop new business models. But AI and automation pose major new challenges for leaders as they reset their strategies for the digital age.[2] At the same time, executive teams are now expected to take positions on social and environmental issues and ensure that their organisations have a purpose beyond simply making money. However, research by Deloitte suggests that while organisations expect new leadership capabilities, they are still largely promoting traditional models and mindsets. Deloitte conclude that organisations "should be developing skills and measuring leadership in ways that help leaders effectively navigate greater ambiguity, take charge of rapid change, and engage with external and internal stakeholders."[3]

We are seeing leadership styles beginning to change from the 'command and control' style of the past to new forms of leadership, driven not only by technology but also by changing demographics and the expectations of employees and customers. For example, a Cisco survey of 1,000 UK business leaders showed that leaders are now beginning to realise that the way their organisation functions must now take into account the wider impacts on society, in response to demands from employees and consumers.[4]

> **MILLENNIALS EXPECT THEIR EMPLOYER TO HAVE A POSITIVE SOCIAL IMPACT, AND CONDUCT BUSINESS IN AN ETHICAL AND ENVIRONMENTALLY-SOUND WAY.[5]**

[1] https://www.mckinsey.com/featured-insights/leadership/leading-in-the-digital-age

[2] https://www.mckinsey.com/featured-insights/leadership/leading-in-the-digital-age

[3] Deloitte (2019) Global Human Capital Trends, https://www2.deloitte.com/content/dam/insights/us/articles/5136_HC-Trends-2019/DI_HC-Trends-2019.pdf

[4] http://www.cityam.com/275954/technology-leadership-and-change-business-leaders-must

[5] Sarah Wood, Chair and Co-Founder, Unruly, HuffPost (2017), Going Against the Flow

We are seeing increasing focus on "inclusive", "everyday" and "diverse" leadership styles. There is also much comment on the growth of "digital leaders" - early-adopter tech-savvy leaders who constantly increase their own understanding of technology to take advantage of digital, data and AI opportunities. How will leaders develop these new capabilities, and which styles will be most effective? Are there other leadership styles required? And how tech-savvy will "digital leaders" need to be?

" THE DEMANDS OF THE DIGITAL ERA REQUIRE LEADERS TO PLACE GREATER EMPHASIS ON BEHAVIOURS SUCH AS ADAPTABILITY, UNITING PEOPLE AROUND A SHARED PURPOSE, AND CREATING A CULTURE OF EMPOWERMENT AND EXPERIMENTATION. LEADERS ALSO NEED TO DEVELOP COMPETENCE IN USING TECHNOLOGY TO FOSTER RELATIONSHIPS AND MAKE DATA-DRIVEN DECISIONS. [6] "

As the presence of technology in the workplace increases, it seems ever more likely that the human qualities such as emotional intelligence, intuition and collaboration will become vital ingredients in creating a successful and thriving organisation.[7] Research also suggests that traits such as empathy, insight and good communication - traits traditionally considered by many cultures to be feminine - will be core to effective leadership in an era of disruption.[8] What qualities will be needed in the next generation of leaders? How will these be developed? Will we see the rise of the "feminine corporation"?[9]

Finally, we will need leadership in the ethics of AI. There are already concerns of potential bias in algorithmic decision-making in society[10] and ethical issues with AI can have a significant impact on a company's brand and reputation, and on the lives of staff, customers and wider stakeholders.[11] Many leaders are already aware of these concerns. A 2018 survey by Deloitte found that 32% of business leaders in the US ranked ethical issues as one of the top three risks of AI.[12]

" AS ARTIFICIAL INTELLIGENCE BECOMES MORE SOPHISTICATED, IT WILL START TO MAKE OR ASSIST DECISIONS THAT HAVE A GREATER IMPACT ON INDIVIDUAL LIVES. THIS WILL RAISE ETHICAL CHALLENGES AS PEOPLE ADJUST TO THE LARGER AND MORE PROMINENT ROLE OF AUTOMATED DECISION MAKING IN SOCIETY. [13] "

How will leaders manage these risks, and lead by example to ensure that the negative consequences of AI and technology are mitigated?

We want to hear your views on the questions posed in this paper.

To get involved, visit us at: **www.managers.org.uk/ managementtransformed**

#managementtransformed

[6] Corporate Research Forum (2019), Digital Disruption: exploring the implications for leaders and leadership development, p.7 - https://www.crforum.co.uk/research-and-resources/executive-summary-digital-disruption-exploring-the-implications-for-leaders-leadership-development/

[7] https://www.forbes.com/sites/bernardmarr/2019/05/13/15-essential-leadership-skills-during-the-4th-industrial-revolution/#3420d50fa3a0

[8] https://www.forbes.com/sites/forbescommunicationscouncil/2018/08/07/human-up-why-human-leadership-skills-are-critical-in-a-digital-age/#1b0f83df44d0

[9] https://www.ft.com/content/49bc9ba0-98bc-11e9-8cfb-30c211dcd229

[10] Gov.uk (2019), Investigation launched into potential for bias in algorithmic decision-making in society https://www.gov.uk/government/news/investigation-launched-into-potential-for-bias-in-algorithmic-decision-making-in-society

[11] https://sloanreview.mit.edu/article/every-leaders-guide-to-the-ethics-of-ai/

[12] https://sloanreview.mit.edu/article/every-leaders-guide-to-the-ethics-of-ai/

[13] Accenture (2019), Responsible AI and Robotics: an ethical framework https://www.accenture.com/gb-en/company-responsible-ai-robotics

CMI Chartered Management Institute