# Wise Leaders, Wise Behaviors:
# How To Foster Them To Better Serve Organizations

## Surya Tahora & Shalini Sarin

***Problem of practice:***

*At a time when the complexity of business challenges and the need for capable leaders is rising, less than 20% of those in management roles have a demonstrated talent for it.[1] The traits of wise leadership behaviours – adaptability, experimental mindset, and integrity among others – are in high demand, but in short supply. The lack of these traits among leaders impacts organizations in multiple ways: lower profitability, poor innovation outcomes, high employee attrition and disengagement. To address these gaps, organizations must look to foster wise leadership and decision making in general. But this is not easy, as organizations have to navigate a maze of interpretations of 'competencies', with dozens of associated traits. To help navigate and simplify the journey, this essay draws upon a recently developed integrative model of wise behavior by Judith Glück and Nic M. Weststrate.[2] The essay highlights key elements of this wisdom approach, which can serve organisations as a crucial pathway to develop wise behaviors in management*

[2] Featured in the Volume 26, Issue 4 of the *Personality and Social Psychology Review*, authors Judith Glück and Nic M Weststrate in their article: 'The Wisdom Researchers and the Elephant: An Integrative Model of Wise Behavior' talk about an integrative model of wise behavior in real life

# Wise leaders – In short supply

The nature of business problems is changing, and becoming more complex: the lines between opportunity and threat are blurring (e.g. the rise of artificial intelligence and globalization); global challenges are rising (e.g. climate change, pandemic and social inequity) and even localized issues now have far-reaching impact (e.g. the Russia-Ukraine war, and conflicts in the Middle East). In such an environment, there is an increasing demand for innovative solutions and leadership traits. Startup leaders from the World Economic Forum's innovator communities identified several traits in 2023, with an emphasis on curiosity, resilience, agility, authenticity and purpose, celebrating diversity, determination, problem solving, future-mindedness and compassion.[3] But such qualities remain in short supply: Less than 20% of those in management roles have a demonstrated talent for it.[4]

The good news — organizations are investing in it, as leadership development is a $366 billion industry; the bad news is that most such programs seem to fall short.[5] Why? The global consultancy McKinsey identifies several reasons for failure, among which are a lack of connecting context (both internal and external conditions) with the design, and not incorporating below-the-surface, deep-rooted mindsets.[6] One way to rethink leadership development is by incorporating elements of wise leadership. The highlighted research by Glück and Weststrate identifies both the short-run interventions and the long-run changes that organizations must cultivate for wise decision making to flourish. This essay integrates the research insight with concrete examples and also defines the scope for when wise leadership matters and when traditional leadership traits are more apt.

## What is wise behaviour?

When leaders face complex, uncertain and stressful problems, they behave in different ways. It is useful in this context to draw a contrast between the ends of the spectrum: wise versus unwise responses to such a situation. A wise response stems from a mindset that has an exploratory orientation, genuine concern for others and emotional calmness. An unwise emotional response to the same situation implies a high, unregulated emotional arousal and an overwhelming bias towards one side's interests.

These differences in underlying mindset also result in executives reacting differently when faced with high uncertainty and making decisions under pressure, as summarized in *Figure 1*.

*Figure 1: Wise and Un-wise Decision making*

| Wise Decision Making | Un-wise Decision Making |
|---|---|
| Effectively taps into a wealth of knowledge and prior experience – helped by self reflection | Unable to fully tap into prior knowledge – hindered by blind spots |
| Acknowledges diverse perspectives, considers contextual influences | Overestimates one's ability and sphere of control |
| Considers contextual influences and embraces uncertainty in their assessments | Considers limited pathways toward possible solutions |

*Source: Adapted by the authors based on the article by Judith Glück and Nic M. Weststrate*

As an example of unwise leadership, consider the case of Elon Musk at Twitter, which in 2023 saw mass exits of both employees (often involuntary) and advertisers, the main source of the company's revenues.[7] Simultaneously, the company saw a rise in technical issues, closely followed by the rise of competition in the form of Meta's Threads platform. And yet – as has been argued in the above-mentioned article – Musk is knowledgeable, resilient and intelligent. Just take a look at his pioneering work at the electric car company Tesla and his spaceship venture SpaceX. But the challenge of leading Twitter was not only difficult – it was also complex, with hundreds of millions of active users with divergent interests and opinions; and technological evolution that intersected with the needs of consumers, concerns of regulators, employees, and society at large. Layoffs and a one-sided reduction in controls on misinformation were an unwise response. The research on wisdom confirms that while intelligence is a necessary trait for wisdom, it is not sufficient. A similar unwise development and deployment of artificial intelligence (AI), characterized by insufficient deliberation on safety and economic security, is now upon us.[8]

In contrast, the revolution in genomic science has largely been characterised by vigorous debate, discussion and regulation along with innovation.[9] Kevin Sharer, a former CEO in this space, exemplified some of these wisdom dimensions.[10] From being someone who came across as arrogant and focused on 'intellectual winning', Sharer realized that it was much more important to benefit from

complex information and get the best out of his team. Thus, he trained himself to be open minded, patient and cultivate the skill of deep listening. As he found himself becoming a more effective leader, he also began to model and guide these behaviours for others within the company.

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In the current scenario, in order to bring the company leadership on par with the demands, businesses are spending $366 billion on leadership development each year with businesses in the US alone accounting for $166 billion

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## Wisdom in the long run

Organizations can better build their 'wisdom muscle' by developing both wise emotional/motivational states and wise thinking/reasoning processes. Five strategies for developing wisdom in your leadership team include:

1. Ensure early buy-in from top management: While this is true of most change management efforts, in the context of wisdom, this takes on the added dimension of walking the talk. Leaders often role model the behaviour that they want to see their people follow. A good example is Paul Polman, former CEO of Unilever, who said that a good leader is driven by a 'deeper sense of purpose'.[11] For Polman, this purpose was not just words but reinforced in caring action. Trapped for hours in the Taj hotel during the 2008 Mumbai terror attack, Polman witnessed how the hotel staff put the safety of guests above their own. Polman returned to the hotel with other team members a few months later, to serve dinner to the hotel staff – as a way of expressing appreciation for their efforts. When performed consistently, such actions inspire the broader employee base and provide credibility to formal training.  In contrast, leaders may inhibit wisdom behaviours, if they don't walk the talk. For example, a leader claims that s/he promotes diversity but only shortlists men for top jobs. Hence, top-manager buy-in should translate to policies and practices that are aligned to these wisdom-based values and behaviours. These actions should enable employees to develop their capabilities to reflect, collaborate, and create psychological safety and trust.

2. Extend Wise Leadership training beyond the classroom: Including not only workshops and seminars, but also one-on-one coaching sessions, team-building exercises, real-world simulations, and case studies provides participants with both theoretical knowledge and practical experiences. This enables them to apply leadership principles in various scenarios, making them develop one or more wisdom dimensions. In addition, online applications can be used to encourage practices such as meditations, physical workouts and reflection with mini-case studies among others. One such non-classroom tool was developed by Schneider's Energy Project in 2013.[12] Under the program, each employee could take an Energy Audit for their physical, mental, emotional and social well-being. Depending on their score, they were able to identify areas that needed focus and get feedback on improvement. Communities were created where they could share their progress and encourage each other. The employee engagement score went up, the organization was also more productive and attrition was reduced.

3. Leverage the power of diversity and wise thinking within groups: Groups can exhibit greater wisdom than their individual members if they are diverse in knowledge and perspectives, valuing and leveraging that diversity. A good example of such wisdom in action is Adobe Systems' Adobe For All program, which is targeted at managers.[13] The program helps managers not only prioritize diversity in hiring, but also encourages listening to divergent viewpoints in everyday meetings, seeking out feedback, and caring about the culture of work communities.

4. Assessing individual and organisational outcomes: Measuring the effectiveness of wisdom leadership development involves assessing both individual and organizational outcomes. Key indicators to track include improved decision-making, increased employee satisfaction, ethical behaviour, and long-term organizational success. Surveys, performance metrics, and 360-degree feedback can provide valuable insights into the impact of leadership development initiatives. Well-known models like the Kirkpatrick model can be used to assess the impact of training interventions.[14]

Here, it is important to recognize that some wisdom components can be externally measured, while others are only accessible through introspection. Noncognitive aspects like openness, empathic concern, or emotion regulation may not be easily measured. And self-rating of wisdom-related knowledge is to be taken with caution, as individuals tend to inaccurately assess their own competencies. Therefore, measuring impact may involve a blend of self-report and various 'outside' approaches. Genpact is

an example of a company that is trying to read the underlying mood of the organization and departments, on the basis of which they develop customized interventions.[15] They have done away with annual engagement surveys and instead use a chatbot that enables employees to express their sentiments in real time.[16]

5.  Address underlying mindsets: Traditional approaches often do not fully address underlying attitudes, motivations, or sentiments that are also crucial for developing effective leadership. A 2023 survey from Gallup and Bentley University found the three workplace policies workers say will help their well-being relate more to the structure of working than individualistic improvements.[17] Limiting work outside of typical hours, implementing a 4-day workweek, and incorporating mental health days topped the list for preferred well-being policies. The multinational professional services firm, PwC encourages people to set time limits for tasks, turn off notifications, and step away from the screen.[18] PwC has also created a habit tracker to help people make healthy lifestyle changes that they value. Employees who engaged in healthy habits reported a perception of better client relationships, a belief in improved team dynamics, lower levels of burnout and a stronger intention to remain with the firm.

**Three workplace policies that can help workers' well-being**

- Limiting work outside of typical hours
- Implementing a 4-day workweek
- Incorporating mental health days

## Wisdom in the short run

It may be daunting to launch a fully integrative (emotional and cognitive) wise leadership development program. The following represent useful first steps that are likely to have some, partial impact. Take the case of Capillary Technologies, a Singapore-based software-as-a-service (SaaS) customer engagement firm, which promoted Vipassana meditation among its employees.[19] Other short-term interventions based on a combination of yoga asanas and breathing practices, or vipassana meditation, and mindfulness-based programs are followed by several companies, both in India and globally. Among them,

Germany's tech giant SAP has integrated mindfulness training into its corporate culture to benefit employees. The company also provides scientific evidence to support the program and advises other companies on mindfulness implementation. Google's Search Inside Yourself Program, which was originally set up as a program for Google employees, is now also offered to other organisations and non-profit as The Search Inside Yourself Leadership Institute for communities.[20] This institute provides programs and tools for mindfulness-based emotional intelligence, empathy, resilience, and leadership.

These short-term programs are an excellent starting point to develop the non-cognitive elements of wisdom and yield some tangible results. However, one could say that this approach is not addressing fully and directly the cognitive dimensions of wisdom such as reasoning about life problems, to consider different perspectives and contextual factors and to not overestimate their knowledge or control over what happens, gain comprehensive in-depth knowledge about the problem, to consider different pathways toward possible solutions, and to implement those pathways in close interaction with everyone involved. The limitations of such isolated approaches are well documented in research.[21] To mitigate these shortcomings, and to cultivate a long-term wisdom approach, we offer some implementation guidelines.

# Wisdom – Integrated

For fostering wisdom in the short-run, we recommend targeting the noncognitive aspects of the integrative model. These include an exploratory orientation, empathetic concern, and emotion regulation. For the long-run, we should aim at cultivating noncognitive and cognitive elements.

It is also important to bring wisdom measures closer to real life through simulating typical wisdom challenges and providing external contexts. It could include utilizing scenarios depicting real-organisational conflicts or tough decisions, conducting interviews about participants' challenging past experiences, having participants complete a self-report scale related to a specific past event or a virtual problem situation, or prompting them to imagine giving advice to another person in a concrete scenario.

As disruptive change continues to challenge leaders, it also presents an opportunity for the organization – to find innovative and responsible solutions. To capitalize on the opportunity, we recommend adopting an integrative wisdom-based approach – building up a strong emotional and motivational base that is open-minded, calm, and willing to experiment; as well as a deeply reflective thinking process. The above-mentioned five-step blueprint can represent a significant step in equipping organisations to fluidly adapt to environmental changes, be open, inclusive, and non-hierarchical; to evolve continually and embrace uncertainty and ambiguity, with a balanced consideration for all stakeholders.

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