The Power of Paradoxes
How Leadership Starts Surfing Complexity

Today, hardly any article about leadership and management starts with another sentence than "Organizations currently face massive changes of their work design and leadership." If you search for the roots of these changes, you will find them quickly: it is about globalization and digitalization. Both are boosting tremendously the speed of information technology and therefore the way we communicate and work together. If you try to really grab the exact nature of these changes and their true effects on leadership, you might start a journey to the yet unknown. The changes are manifold on different levels, and not every change affects every organization.

ABOUT THE AUTHORS

DR HARALD PAYER ▶
Consultant for Change Management and Leadership Development, Moove Consulting GmbH in Vienna, Partner of Redmont Consulting Cluster, Board Member of Austrian Solution Circle
▶ payer@moove-consulting.com

DR DORIS REGELE ▶
Consultant for Change Management and Leadership Development, Redmont GmbH in Vienna, Partner of Redmont Consulting Cluster, Board Member of Austrian Solution Circle
▶ d.regele@redmont.biz

Even if it seems tempting to analyze these new challenges in more detail and find well-fitting leadership qualities for the future, here we prefer another approach. First, because we also understand leadership "as an institutional capacity and not solely as an individual trait" (O'Toole 2001, 162). And second, we want to give a deeper insight in the nature of paradoxes as a rich resource for more agile styles of steering teams and organizations – in our view the most important management concept that most have ignored so far.

CLEAR OR AMBIGUOUS SOLUTIONS?

As change is happening all the time, many leaders are perplexed by persistent challenges that defy clear resolution – a fact that keeps many of them up all night. Our clue for better sleep is a simple recipe of three steps:

1. Make a clear distinction be tween problems and paradoxes (not every problem is a clear problem).
2. Regard paradoxes as a constant in your organization (we can not solve paradoxes – but we have to handle them).
3. Start learning to manage paradoxes accordingly (step-by-step, definitely not overnight).

The first step is crucial. Most of the issues that trouble us or prevent organizations from finding adaptive modes for proper change are not causally determined problems that can be solved by simple improvements or alternatives. Rather they are paradoxes that need to be managed by finding ways how to work with them. You can more or less easily repair a broken engine, but you cannot simply repair complex social systems embedded into highly unpredictable and uncontrollable relationships between different stakeholders with different interest, expectations and spontaneously shifting moods. Unfortunately, most of us never learned to distinguish between problems and paradoxes.

The areas of practical application for the ambiguous integration of different perspectives are manifold, e.g. when you feel caught between two options: team or individual, stability or change, strategy or implementation, centralization or decentralization, competition or cooperation, loose or tight coupling, more or less transparency etc. If you consistently choose just one side of these options, you might find yourself dissatisfied in personal, professional or organizational life. If you try the more holistic perspective of "and" you might end up in more integrated, even ambiguous and never-thought-before solutions (Ehmer et al. 2017). "Treat a problem like a paradox: The problem never goes away. Treat a paradox like a problem: The paradox gets worse." (Jacobson 2013,4)

For example, many enterprises have begun to substitute their old project management by the new methods and tools of agile project management. Slowly but surely many project managers however realize that the simple substitution of one model by another model not automatically leads to proper project success. Due to the specific objectives and framework conditions, the specific experience of clients, contractors or employees and many other reasons it might be a more effective solution to combine both the old approach and the new approach to what is called hybrid project management. Another example is given by the thousands of enterprises which during the last two decades turned to more home office opportunities for their employees with diverse impact and many of them are returning to more classical solutions, because the expected increase of productivity was not fulfilled partially. The truth again is that there is no specific solution for all kinds of organization. Every organization is challenged to find its own, very unique, integrated, and ambiguous solutions, and to always keep in mind that no kind of solution is ever set to stone.

SOME KIND OF AWESOME PARADOXES

There are crucial task areas of leadership like the linking of the organization with its relevant societal environment, the strategy setting for future business, the human resources management, the ongoing organizational development, the controlling of performance and many others, which all the time require a deep understanding of paradox constellations. That means a comprehensive readiness in favor of agile both-and-solutions instead of traditional either-or-solutions, because these kinds of paradoxes require the tricky integration of both black and white, hierarchy and self-organization, stabilization and disruption, continuity and progress, and so forth.

The paradox of all these task areas is that proper leaders have to find solutions for both, the certainty (routines, standards, rituals) that the task areas once established can run over time on the one hand, and on the other hand permanently question if the given standards and routines could be done in a better way (improve-

ment, adaption, innovation, disruption). That means to take care simultaneously both for sufficient certainty and for sufficient irritation (means uncertainty), which of course sounds crazy – however has to be done, otherwise the organization would not operate successfully any longer (Wimmer 2009).

For example, one key task of leadership is the ongoing observation of all the relevant activities and changes happening around the company. Every organization is embedded into a social environment which more or less determines the ongoing development of the organization itself: relevant markets, clients, competitors, distributors, business partners, authorities, politics, technology and so on. Organizations as social systems usually tend to ignore all the things happening around themselves in the society. Once they are established successfully they usually do not take much care of external dynamics, but prefer focusing to internal issues. It needs leaders who explicitly manage that the organization as a whole system looks outwards and becomes capable for the systematic observation of its relevant societal environment with adequate means like market surveys, clients needs assessment, customer relationship management, network management etc. If e.g. Kodak like many other companies would have done this properly, it might still exist.

HEAVILY PAST-DRIVEN SYSTEMS

The organizational attitudes towards future open an additional field full of paradoxes. Organizations usually are heavily past-driven systems. Once an organization is established successfully, the system itself does not make any efforts to think about future. Again, it needs some people within the organization being responsible for permanent reflection about future business options and how to integrate them into daily business. It is up to the leaders that the organization learns to rethink its own business model beyond the potential opportunities coming from future. That does not mean like in old-fashioned strategy planning approaches that only leaders are allowed to think about future, quite the contrary! Broader approaches make sense which attract the knowledge of the whole staff. Strategic thinking should be the task of the whole staff, not only some so-called strategic experts. Long-term success requires the exploration for new markets, products and services and at the same time, exploitation of existing products, services and other capabilities. The organization must be open to the prospect for new businesses beyond its core and defend the positions it presently holds. Successful organizations manage this paradox well and achieve improved long-term success. Human resources management, not surprisingly, also offers an endless source of marvelous paradoxes, obviously, because organizations' behavior towards their own staff is incredibly split. The organization treats its employees either like a natural resource being available without any restrictions or completely different like a non-existing resource. The organizational system expects never-ending inputs in fa-

vor of the system's profitability and wealth or it expects simply nothing: no job profiles, no job instructions, no response, no feedback, no nothing. Unfortunately, both extremes are wide spread reality of real economy. Again, it needs leaders who take care that the staff's capacities (skills, knowledge etc.) are used in a manner which creates sustainable benefits for both sides, the personal and the organization. Organizational development is also rich of daily paradoxes. Every organization needs both a stable frame (purpose, standards, routines, rituals) as some kind of orientation for all stakeholders from clients up to staff members and the capability for change whenever it makes sense for the success and the survival of the organization. However, organizations especially when they become bigger and older, act like clumsy tankers. Once they are on track they cannot leave it, even if the captain, the passengers, the audience already can see the disaster. Change is an easily spoken word but in reality, it is a tremendous challenge to shift the track. It needs brave, clever, patient, sensitive, clear, farsighted and so forth leaders who can bring the organization into a more agile mode of not simply episodic but continuous change (Weick / Quinn 1999). Leaders are expected to permanently intervene into stabilized structures, processes and routines in order to adapt them to opportunities, what in reality means nothing else than sensitive disruption of daily business routines.

RESHAPING LEADERSHIP QUALITIES

What happens if paradoxes stay unbalanced? Unbalanced paradoxes typically reveal themselves in reduced profits, lessened competitive strength, a more cynical corporate culture, and higher levels of employee turnover. The lack of a clear path leads to dissatisfaction and fear. The classical urge "We have to decide for one side!" suboptimizes the range of options and limits the ability of the organization to respond in a more effective manner over the longer term. Be assured, unbalanced paradoxes will resurface! How to treat paradoxes? What does it need to better understand, to make up and finally to use them as a source of productivity and sustainable development? The positive use of paradoxes means a fundamental shift of leaders' mindset in favor of some essential leadership qualities, supporting them to find proper answers to complex paradoxes. These qualities are not really new, however the recombination might focus to more awareness about the power of paradoxes. It is definitely not a matter of toolboxes, but a matter of changing attitudes. The management of paradoxes is a learning journey, the sooner you start the earlier you will get opportunities and results (fig.).

Understanding the Leadership Duality: Leadership is as well an essential systemic function, without an organization could not survive, as an individual service function of a leader for the system itself. Leadership and organization are intrinsically tied to each other; both sides need each other to survive. All activities to sim-

ply reduce the whole duality of leadership to only one half might cause destruction and loss.

Readiness to Continuous Change: Nothing is fixed, everything is in permanent flow. Vivid organizations need permanent incentives and impulses for smaller or larger adaptions towards changing conditions and new business opportunities. Leadership therefore is not a matter of episodic decisions, but an ongoing process of observations, reflections, feedbacks, signals, decisions, observations, reflections and so on. That includes experiments, pilots, readiness to second best solutions and readiness to fail and to learn from both failures and successes.

Using the Diversity of Different Perspectives: Paradoxes in general emerge from the diversity of different perspectives. One perspective alone cannot create a paradox. It might be one of the biggest mistakes of leaders to simply reduce decisions to only one specific perspective instead of trying to integrate multiple solutions into a kind of new order. Organizations are highly diverse social systems; each and every perspective is part of its current reality and should be taken into consideration as a potential source of innovation, especially the perspectives of the customers.

Foster Collaboration Across Boundaries: Using different perspectives requires collaboration. Working together across structural and cultural boundaries, interdisciplinary and even inter-organizational can create new insights, new ideas, and additional benefits. It obviously needs a higher level of communication, negotiation, and coordination in comparison to old fashioned siloeing, but the output will be higher in the end. Collaborative projects offer an awesome practice venue for the management of paradoxes, because it always means the integrated management of both the own perspective and the others' perspectives.

Continuous Practice of Self-Management: Managers do not have to endure paradoxes painfully. It is about accepting them as a fact, finding a good way of dealing with them – the looser and more playful the better – and systematically self-reflecting the own acting as a leader. Healthy self-management demands a clarity of the respective role ("Here and now, am I the enabler, the disruptor or anyone else?"), clear agreements ("How do we want to deal with the perceived 24/7 accessibility?"), and the conscious decision on pace and breaks. To be a role model and work together to create a healthy work-life setup are the sustainable success factors.

THE PARADOX OF SELF-ORGANIZATION

In 2017 Redmont Consulting Cluster interviewed the top managers of 15 selected private companies in Austria, Germany, and Switzerland, from small start-ups to long-term established fami-

ly-owned enterprises with about 6,000 employees. All of them describe themselves as "structurally innovative", systematically search for new ways in leadership, and are highly successful. The study aimed to find out how successful organizations from different branches, of different sizes and ages, handle new organizational designs and interlinked paradoxes. They all have in common a remarkable reduction of traditional hierarchy in favor of more participation and self-organization (Ehmer et al. 2017).

One basic finding of the study is the profound change in the self-conception of the top managers. In the face of new challenges like digitalization and globalization, they regard themselves not any longer as the centric knots of decision making, but more as observers, impulse generators, enablers, facilitators, promoters and protectors of any kind of innovative experiments. Decisions should be done mainly by those colleagues who are the best experts; accordingly, it does not matter if they are leaders or not. One of their main tasks as a top manager is, that they see themselves more as supporters for others to learn how to prepare and take decisions, particularly by promoting self-control and self-responsibility. As the owner of a trading company for metrology commodities put it: "I had to let go of the idea that we at the top need to understand and control everything – this illusion was a great feeling – and a terrible one at the same time." Another CEO said: "We help people just get smarter,

MANAGEMENT OF PARADOXES

Understanding the Leadership Duality	Readiness to Continuous Change	Using the Diversity of Different Perspectives	Foster Collaboration Across Boundaries	Continuous Practice of Self-Management

Source: Payer / Regele   fig.

sometimes smarter than us." Some more findings underline the reshaping of leadership qualities to more focus on paradoxes:

From Heroes to Team Players: Top managers are not any longer the lonesome top of the company. It is definitely not their task to be expert or to be responsible for everything. Steering becomes more a kind of joint agenda of the whole system. However, it is the leaders who take care of more awareness for the shared responsibility of good performance and progress.

From Control to Empowerment: Leadership is thought of as a social process and not as a function linked to individuals who are closely monitored. Leaders are not solely in charge of maximizing output but also for building trust and empowering their employees to focus on essential issues and innovation. The word "pressure" is avoided. "Our biggest mindset shift was that leadership can also provide relaxation, peace and serenity, and that we can practice the art of omission." (Ehmer et al. 2017, 6)

From Hierarchies to Networks: Networks create connections and enable access to knowledge and free flow of information. Top managers promote collaboration across all kind of boundaries and more lateral leadership styles. They know about their attitudes and values, but their narcissism is more reflective and can therefore be used constructively. "Of course, I have narcissistic tendencies, I want to be admired as a pioneer, but I'm aware of that and my team makes it clear to me when I take off." (Ehmer et al. 2017, 6)

From Information to Communication: Top-down-one-way information flow is replaced by team- and network-orientated communication. Asking questions is explicitly desired. Conflicts due to contradictions and paradoxes do not have to be solved only by employees themselves, but are common management task. Top managers spend much time and creativity to search for proper facilities for each type of communication. "We do operational meetings and strategic meetings in different rooms, which are also differently equipped, and we switch between sitting, standing, moving." (Ehmer et al. 2017, 6)

RESUME

The concept of paradox helps leaders become more aware of how competing traits and tendencies fit together in broader and more comprehensive patterns. Combining opposing elements in a constructive way creates new and more powerful possibilities. Leaders who understand the power of positively addressing paradox increase their personal power to affect change and build more resilient organizations that can better adapt to change in uncertain and turbulent times. Volatility, uncertainty, complexity and ambiguity, well known under the acronym of VUCA, cause many open questions for all parties involved: the enterprise, the clients, the stakeholders, the employees, and the leaders in between. It is mainly the leaders, who can take care of reframing the mess into a joint challenge. ●

Literature

Ehmer, S. / Holter, A. / Kretschmer, W. / Payer, H. / Schober-Ehmer, H. / Vater, G. (2017): Nach der Hybris kommt hybrid, www.changeX.de und www.redmont.biz/lektuere (Stand: 28.7.2018)

Jacobson, R. (2013): Getting unstuck. Using leadership paradox to execute with confidence, Abingdon

O'Toole, J. (2001): When leadership is an organizational trait, in: Bennis, W. (ed.): The future of leadership, San Francisco, 158-174

Weick, K. E. / Quinn, R. E. (1999): Organizational change and development, in: Annual Review of Psychology 50/1999, 361-386

Wimmer, R. (2009): Führung und Organisation – zwei Seiten ein und derselben Medaille, in: Revue für postheroisches Management, 4/2009, 20-33

Fink & Fuchs   iTA INSTITUT FÜR TECHNOLOGIE UND ARBEIT

Digitalisierung gestalten – mit dem HRM Digital Readiness Check

Die Zukunftsfähigkeit von Unternehmen entscheidet sich daran, wie gut sie den digitalen Wandel meistern. HR-Managern kommt dabei eine tragende Rolle zu.

Als „Digital Change Agents" führen sie Menschen, Technologien und Prozesse produktiv zusammen. Sie moderieren Veränderungsprozesse und schaffen fundamentale Voraussetzungen dafür, dass Digitalisierungsstrategien in der betrieblichen Praxis mit Leben gefüllt werden können.

Zunehmend sind Personalmanager auch in der Rolle des Digital Leaders gefordert, der die Digitalisierung des Unternehmens insgesamt impulsgebend mitgestaltet. Deshalb ist der digitale Reifegrad der HR-Organisation von gesamtstrategischer Bedeutung – über genuine Personalthemen wie eRecruiting oder Arbeit 4.0 hinaus.

Digital Change Agents – die neue Rolle der HR

Tatsächlich forcieren viele HR-Manager den digitalen Wandel ihrer Abteilungen, oft allerdings, um einen Rückstand aufzuholen. So wird angesichts der Herausforderungen HR-Management immer mehr zum Change-Management in eigener Sache: Wie muss der Personalbereich sich weiterentwickeln, um zukunftsfähig aufgestellt zu sein? Wo genau sind die wichtigsten Handlungsfelder und die wirkungsvollsten Ansatzpunkte? Zwar mangelt es nicht an allgemeinen Empfehlungen zur Digitalisierung der Personalarbeit, doch was davon ist für das eigene Unternehmen relevant? Was bringt das Unternehmen in seiner konkreten Situation wirklich voran?

Genau hier setzt der vom Institut für Technologie und Arbeit und der Kommunikationsagentur Fink & Fuchs gemeinsam entworfene „**HRM Digital Readiness Check**" an. Das onlinebasierte Analyse-Tool ist zweistufig aufgebaut.

- Der **Quick-Check** ist kostenfrei. Er bietet eine erste Standortbestimmung und Hinweise auf Optimierungsmöglchkeiten.

- Der **Deep-Check** baut darauf auf und ist kostenpflichtig. Er liefert eine Tiefenanalyse zu allen Themenfeldern, die für die Personalarbeit im Kontext der Digitalisierung relevant sind.

Fundierte Analyse von digitalem Reifegrad und Handlungsansätzen

Der Deep-Check kann individuell konfiguriert werden und umfasst in der 360°-Version sechs Module. Die Analyse stützt sich – je nach Konfiguration – auf ein umfangreiches Set von bis zu 65 Indikatoren in Anlehnung an die EFQM-Systematik. Daraus ergibt sich ein sehr feinstrukturiertes Lagebild hinsichtlich der Digitalfähigkeit und der Handlungsoptionen des HR-Bereichs.

Die Ergebnisse des Readiness Checks erlauben es Unternehmen,

- den digitalen Reifegrad ihrer HR-Organisation im Benchmark-Vergleich mit anderen Teilnehmern zu bestimmen

- konkrete Entwicklungspotentiale in Mindset, Skillset und Toolset zu identifizieren

- digitale Transformationsprozesse im Personalbereich erfolgreich umzusetzen

- zukunftssichere Strategien für eine zunehmend digitalisierte, virtualisierte und kollaborative Arbeitsumgebung zu entwickeln

- individuelle Handlungsansätze für die jeweiligen Themenfelder abzuleiten und Potenziale gezielt zu erschließen.

Mehr über den HRM Digital Readiness Check, den das Institut für Technologie und Arbeit (www.ita-kl.de) und die Kommunikationsagentur Fink & Fuchs (www.finkfuchs.de) gemeinsam anbieten, erfahren Sie auf **www.hrm-digital.de**

Oder kontaktieren Sie uns
✉ hrm-digital@ita-kl.de
🐦 @HRM-Digital