



# From Ego to Eco:

## Leadership for the Fourth Industrial Revolution

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# Leadership 4.0

From EGO to ECO



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## About the authors

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Jon is a clinical psychologist with expertise in leadership development, executive assessment and selection, senior executive coaching, and coach training and supervision. His professional practice focuses on senior leadership consulting and development.

At the School, Jon researches and teaches on the psychology of leadership and the emotional dynamics of change.

Jon is a Director of Stokes & Jolly, an independent, professional leadership consulting and advisory firm. From 1978 until 1999, Jon worked in the NHS at the Tavistock Clinic. He was an Associate of the Tavistock Institute of Human Relations (1978–1994), Director of the Adult Out-Patient Clinic (1987–1994) and Founding Director of Tavistock Consulting (1994–1999).

Jon has an MA in Experimental Psychology from Oxford University and a Diploma in Clinical Psychology from the British Psychological Society.

In the past Jon has been Visiting Professor at Strathclyde Graduate Business School, an Associate Faculty member of Henley Business School and an Associate Fellow of the Institute for Government.

**Sue Dopson**

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and Deputy Dean  
Saïd Business School,  
University of Oxford

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Sue has a BSc in Sociology, MSc in sociology with special reference to medicine, MA (Oxon) and a PhD studying the introduction of general management into the NHS. She is a fellow of the Academy of Social Sciences.

Sue conducts research in a range of public and private sector organisations.

**Key research interests:**

- Personal and organisational dimensions of leadership
- Transformational change
- Networks
- Healthcare studies and clinical leadership
- Implementation of innovation
- Evidence-based management
- Leadership Coaching Practice
- Women in Leadership.

Sue is an Adviser to the National Institute for Health and Care Excellence (NICE) and is a Non-Executive Director of the Oxford Health NHS Foundation Trust.

Sue's most recent work involves exploring issues faced by women in their leadership journey.

**Teaching**

Sue is committed to executive education and she is heavily engaged in teaching, tutoring and coaching at all levels.

Her teaching includes undergraduate and postgraduate courses as well as the MBA and EMBA courses and the Oxford Diploma in Organisational Leadership.

Coaching and its impact on leadership performance is a particular interest and Sue, who chairs the coaching committee at Saïd Business School, is working with colleagues to evolve an Oxford style of coaching. She is a strong advocate of the benefits of providing executives with the space to examine the leadership challenges of their jobs.

Sue teaches on a range of topics, including: culture, change, leadership, decision making, motivation, working in teams, power and influence, and negotiation.

She is Academic Director of Oxford Strategic Leader Programme, Women Transforming Leadership and the Diploma in Organisational Leadership.

# What do leaders need to get better at?

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Leaders are under scrutiny as never before. Perceptions of character and competence are regularly and publicly examined. We are sceptical of their motives, why they want to be leaders, and their abilities. Are they up to the job?

Trust in leaders is at an all-time low (see fig. 1, p.9). As a result, leaders are less effective and followers are less supportive.

It is not a new idea to suggest that leaders are no longer as powerful as they once may have seemed. Talk to leaders today and they will tell you that their role is constrained, and at the same time undermined, as never before. They are exposed: accountable for results and yet not really in control of them. In a world which appears to be changing fast and in unpredictable ways, leaders are obliged to try to make sense of the context people are working in, and to lead their people and organisations to respond effectively.

This is no easy task. To lead today requires a rich and varied set of skills and capabilities. This paper will attempt to define the nature of the challenge and describe what those necessary leadership capabilities might be.

We asked a representative sample of 25 current leaders, heading up different sorts of organisations, what they thought leaders need to get better at.

## **Two central themes lay at the heart of their responses:**

1. Being accountable for performance and results but not in control of them.
2. Learning how to shape the context of the work that they and their colleagues are undertaking, rather than always acting from the front.

As one interviewee put it:

*‘In many ways this is about how power has changed; hierarchical power has been replaced in large measure by collective power, the skills in which most leaders have grown up.’*





# Accountable but not in control

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The game has changed. Leaders told us that traditional hierarchical power has melted away. No longer can they rely on rank or position to command action. Trust in leaders is at an all-time low as recent research by the Pew Research Center illustrates. Three aspects of this new world they described are worth considering in particular:

## 1. Working with the 'enemy'

*'Learn to steer into the storm.'*

Less deference and respect are being shown to leaders. This means that new approaches are required.

*'These days you have to learn to reach out to the opposition in the organisation, in the past you would oppose them or could ignore them. That's no longer possible – you have to work with them as part of the context.'*

Engagement with critics and opponents is needed because of the way in which life at work has changed.

*'Dissent and conflict are the new norm. Commitment, loyalty and trust tend to be short-term, and relationships more transactional, reducing the levers of influence. The ideal of organisational loyalty and unity around shared values is more precarious in this contested world.'*

So, leaders must change their game too. They should expect extensive criticism, and get better at managing conflict. This will mean spending time with the opposition. A difficult balancing act has to be performed: leaders cannot afford to get dragged into a slanging match with the most extreme critics. And yet at the same time, leaders should remain prepared to take ownership and accountability for outcomes over which they don't have control.

Where in the past the mantra was that leaders defined, and to an extent imposed, a set of values on their organisations, the reality today is more one of a range of conflicting and incommensurable values which have to be navigated and conciliated.

## 2. Leading in the open

*'Living in a glass box.'*

There are few if any secrets at the top any more. The old maxim of 'knowledge is power' no longer applies. Leaders will not be able to keep information confidential for very long.

*'Everyone has access, you have to expect people will sooner or later know most things and particularly the things you don't want them to know about.'*

The leader's office, it seems, has glass walls and an almost permanently open door.

Brave and competent leaders will deal with this. Disagreements, and objections to the organisation's direction, need to be voiced and debated with. Restricting access to knowledge and information as a form of management power is no longer effective, and may indeed prove counter-productive.

Leaders need to get used to being under 24/7 scrutiny. They have to accept they have vulnerabilities, and get comfortable learning in public.

Leadership, increasingly, is a public conversation, one in which you will have to acknowledge ignorance and mistakes.

## 3. Working with plurality

*'Connecting is as important as directing.'*

Your organisation is not a culture – it is a multi-culture. The workplace is now diverse beyond the capacity of any individual to comprehend all of its variations. Leaders need to accept that their point of view is one amongst many, and may even be part of the problem rather than the solution. Diversity is strength.

Leaders must maintain close contact with and develop the base: ensure that messages and the debate spread

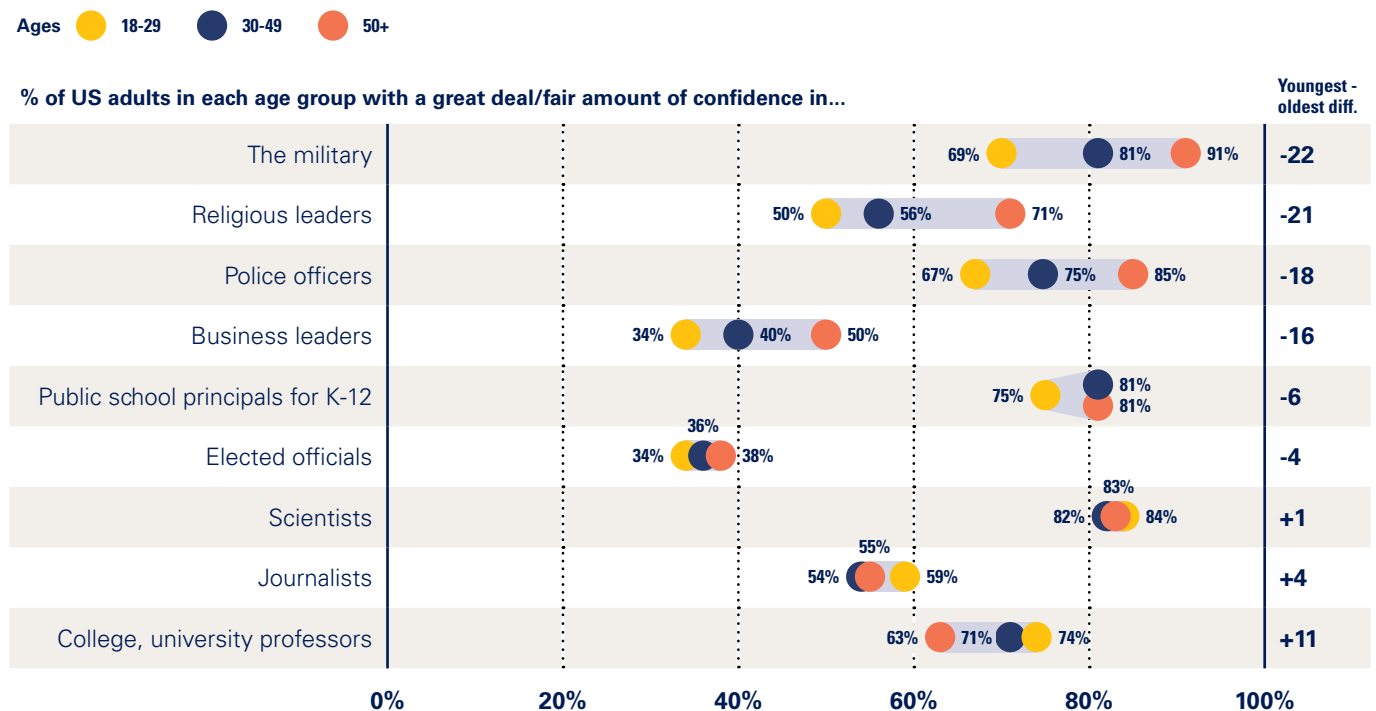
throughout the organisation. Good ideas can come from anywhere. Leaders need to reach out and actively include all stakeholders through using the media they access.

*‘These days it’s all about subtler forms of influence, with your social media, your blog, not about command and control.’*

So leaders must become comfortable with diversity, recognising assumptions and prejudices, and generating within the organisation a sense of generosity to different points of view. They must recognise too that people have multiple identities: home, community as well as work. Organisations can make better use of this plurality.

**Figure 1: Trust in leaders is at all-time low**

Young adults are less confident in the military, religious, police, business leaders



# Shaping the context

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Leaders will only have followers if they are making sense of the world people are operating in. Only leaders who can describe and explain the context will be worth following. Indeed, the idea of 'followers' is increasingly anachronistic, 'partners' or 'colleagues' might be more accurate.

Using situational and contextual intelligence is in many ways more useful than using conventional forms of power.

There are three aspects of this shaping of context which the leaders we interviewed told us about that merit particular attention:

## 1. Developing the narrative

*'Leaders need to get out and shape the story rather than work within the one you've inherited.'*

Leaders will have to display "narrative competence" using conversation to orchestrate the flow of ideas and harness employee curiosity. They will have to create conditions that encourage collaboration and challenge the behaviours that reduce psychological safety.

One interviewee told us:

*'My job is to help people make sense of things.'*

Are you helping your organisation tell its own story or are you acting out somebody else's script?

## 2. Enabling a sense of purpose

*'Work these days has to be more than about just getting tasks done.'*

Talented people want more than mere 9-5 (or -8 or -10) drudgery from work. Today employees are demanding work that is socially meaningful if it is to engage their capacities and energy. Increasingly they want to feel that their organisation is contributing positively to society above and beyond shareholder value or government policy. Neither of which by itself provides much by way of motivation.

## 3. Leaning into uncertainty

*'Sometimes my job is to resist the rush to action.'*

Living with and in uncertainty now feels like a permanent state of affairs.

Regular disruption of existing practices is part of ordinary life.

*'If it were ever possible to predict the future it certainly isn't now!'* one interviewee said.

The risk is to focus on the known and the comfortable, which may all be about to change in any case.

Leaders need to get comfortable with the inherent unpredictability of events, with ambiguity and with paradox. Remember that everyone is feeling the uncertainty of our times. Creating psychological safety helps to contain that.

Leaders should act decisively even while holding uncertainty. Build resilience in yourself, in your leadership team, and in your organisation. Share the tasks and burdens of leadership, and promote leadership in others. Acknowledge and draw on your ignorance and vulnerability, letting the organisation know that it is ok not to be certain and yet this uncertain future must be faced.

# Living in radical uncertainty – the new landscape of leadership

So far we have tried to define and describe the problem. What is the solution? Leaders feel less powerful but followers lack suitable structures and forms of organisation to respond to the power vacuum now existing at the heart of many workforces.

What we have discussed is a move away from the emphasis on traditional notions of hierarchical or positional power to a leadership based on relationships, conversation and shared purpose.

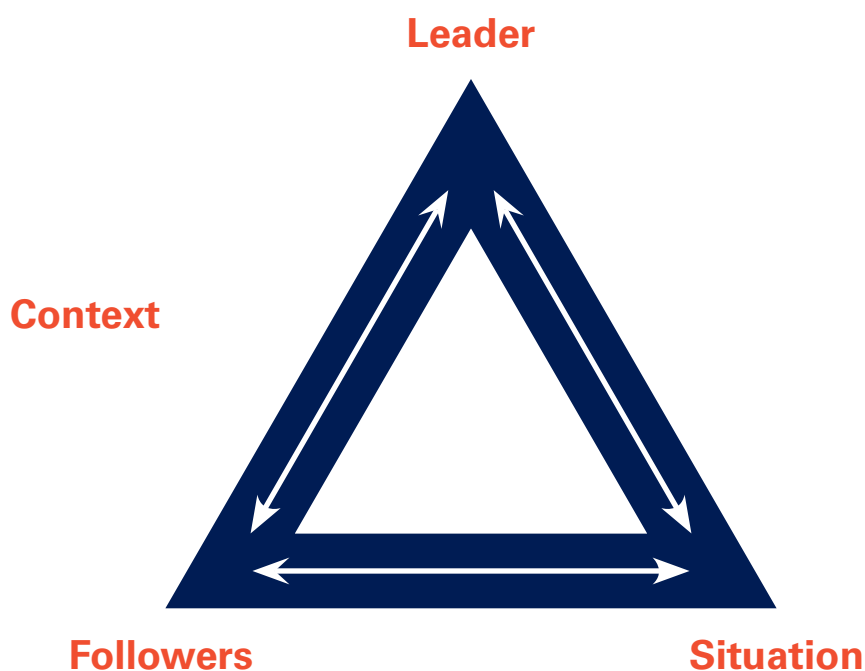
Much research and writing about leadership tends toward a myopic focus on the individual leader and their characteristics, although we also know that the individual leader has far less impact than they or we tend to assume. We call this the 'Leadership Attribution Error' – the erroneous attribution of leadership effects without regard to the nature of followers, the situation for which leadership is required and the wider social and economic context.

We view leadership not as a quality of a person but as an emergent and shared property of the system in which the leader operates. This consists of four interdependent elements:

- the leader
- the followers
- the situation
- the context.

The technological and economic changes central to the Fourth Industrial Revolution have, we believe, significantly changed the context for leadership.

**Figure 2: Leadership is an emergent property of four factors**



# Five capabilities from ego to eco(system)

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We are not suggesting that all of leadership has changed or that more traditional methods of leadership are entirely outmoded. But we would argue that older skill sets and capabilities may be insufficient for effective leadership today.

We suggest that a move away from 'heroic' individualistic leadership ('ego') towards a leadership that recognises the organisation as a system nested in other systems ('eco') is needed. To achieve this shift, five key capabilities are required in addition to the more conventional ones, in order to allow leadership to emerge where it is needed from those individuals or groups best equipped to provide it.

## 1. Shape the conversation

**Leadership exists in language; an organisation is a set of conversations.**

- When a leader speaks, the effect is not only to describe a given reality, but also to change that social reality. Leadership is a conversation, a way of talking about things with people, at all levels, within and beyond the organisation.
  - Ask 'What is my organisation currently talking about?'
  - Leaders shape and develop an organisation by deliberately addressing the conversations that are going on in the organisation, as well as making sure that the right conversations are happening between the right people in the right way.
  - Leadership is as much about facilitating and enabling as directing. Horizontal and bottom-up conversations are just as important as top-down ones.
  - Say what you think, yet listen for ways you might be wrong.
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## 2. Cultivate collective intelligence

**Build internal connection and collaboration.**

- Knowledge exists in networks and collective capabilities as much as in individuals.
- Leadership is less about providing the answer, more about releasing collective intelligence.
- View the capability to lead as an emergent and shared property of the system, encourage conditions in which others can take up leadership roles.
- Connect with and educate the base – and reverse the conventional hierarchical pyramid.
- Local rules, decentralised control and distributed problem-solving lead to multiple interactions between agents.

### 3. Nudge the context

**Organisations are a response to context: develop situational and contextual intelligence and nurture the ecosystem.**

- Leaders are like farmers. Farmers don't grow crops, they create the conditions for crops to grow.
- Understand your ecosystem – a sense of the context of your organisation, and an ability to understand trends enables you to nudge these factors and shape the ways in which they are perceived.
- Encourage curiosity and notice it within yourself and your organisation. Improve your skills at sensing the situations in which you find yourself.
- Look for patterns, not order and clarity.
- Create a feedback rich environment, seek feedback frequently and model its constructive provision to others.

### 4. Co-create the structure

**Challenge power bases, focus on a minimum structure and a min spec (minimum specification) of local rules.**

- The ideal of the perfect structure for your organisation is misleading; it's better to think of structure as something that needs to be evolved together with the members.
- As soon as an organisational structure is created (a set of assumptions about the best approach to a current challenge) it will tend to accumulate power. By attempting to maintain the status quo it risks becoming a constraint on further development – reputation and status rather than competence to solve a problem come to determine organisational influence.
- Organisational structures can be usefully seen as defences against the inevitable anxieties and uncertainties of being effective in a changing world.
- Create structures that enable agency and participation.
- Complex systems are based on local rules.

### 5. Pluralise participation

**Work to increase diverse participation in order to solve complex problems: be prepared to work with incommensurable value systems.**

- By excluding many people from problem analysis and solution, organisations are deprived of different perspectives and sources of creativity.
- 'Less able' diverse groups generally find workable solutions better than 'more expert' homogenous ones. Leaders need to actively work with the plurality in their organisations.
- Members both give and take identity from their organisations; bringing more of their external identities into the organisation will bring more innovative ways of being.
- The task of the leader is to provide a sense that conflicting and often incommensurable values can be debated and argued over, not force artificial resolution.
- Create psychological safety to enable new solutions to emerge.

# Conclusion – Leadership 4.0

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We are not saying that everything about leadership has to change. The desire for leadership is fundamentally rooted in our nature as social animals. We seek leaders for a sense of security and reassurance. We need a source of coordinated direction and focussed collective energy in order to survive and we have deep needs to belong. Nevertheless, styles of leadership change through history and between cultures, and across types of organisations. The leader-centric conception of leadership is outmoded. Norms of dominance and deference have radically altered. Technological and economic change are arguably the key early drivers of fundamental social change.

We argue that digital technology and related developments have produced an Industrial Revolution which requires adaptations in the way that leaders lead. We characterise this as Leadership 4.0; an adaptation of leadership style required to lead effectively in the environment produced by the fourth industrial revolution.

As the leaders we interviewed described, this has produced a shift in the nature of power away from the traditional command and control sources of superior information and knowledge, and the opaque use of financial data, information and rewards. As a result, followers are no longer prepared to just 'follow', they want to have influence and to have access to resources to enable this. Shaping a sense of meaning and purpose enable leaders to fill the power vacuum created by the loss of command and control authority.

We have characterised what they told us as:

**Accountable but not in control.** Information and knowledge are much more widely available than at any time in human history, and demands for openness and transparency increasingly challenge the traditionally opaque forms of their distribution. Just as the doctor-patient relationship is being transformed by easily available knowledge, and demands for evidence-based accountability, so is the relationship between leader and follower being altered. Indeed, the term followers is increasingly anachronistic, colleagues or partners capture the essence of the new relationship better.

We have characterised the essential transformation that our leaders told us that they have had to make in their style as:

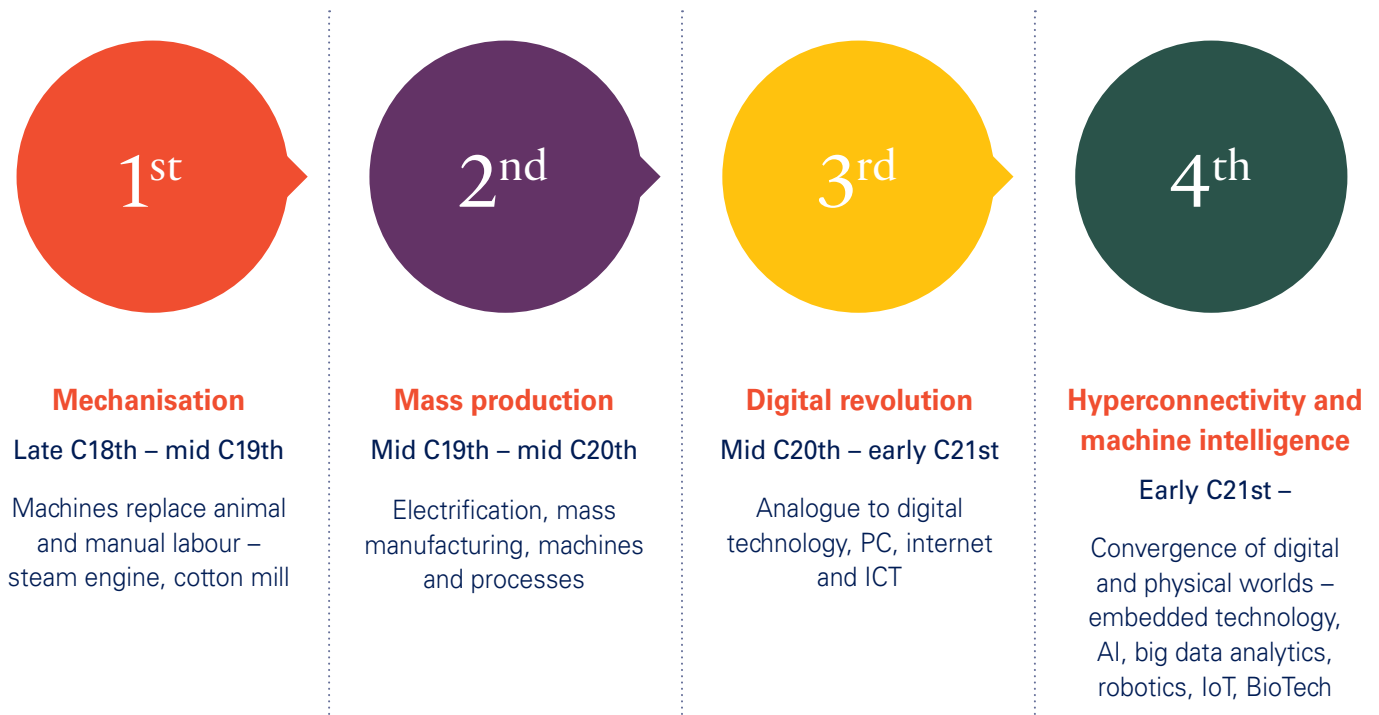
**Shaping the context.** By this we mean a range of subtle interventions both in the organisation, for example by shifting the nature and content of conversations, and in the environmental context through influencing external stakeholders who in turn will influence the organisation.

We propose a set of additional capabilities, not to replace the traditional skills of leadership, but to shift their emphasis:

- 1. Shape the conversation** – leadership exists in language; an organisation is a set of conversations.
- 2. Cultivate collective intelligence** – cultivate the ecosystem and build internal connection and collaboration.
- 3. Nudge the context** – organisations are a response to context, develop situational and contextual intelligence.
- 4. Co-create the structure** – minimum viable structure, challenge power bases, focus on a min spec of local rules.
- 5. Pluralise participation** – work to increase diverse participation, be prepared to work with incommensurable value systems.

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**Figure 3: The four Industrial Revolutions**



# Executive Education at Oxford University

The Custom Executive Education team at Oxford Saïd creates learning solutions that deliver lasting value to individuals and organisations.

## We blend multiple learning methods

Built for flexibility, our programmes incorporate a variety of learning tools and methodologies, supplemented with digital learning and virtual interactions, including the Oxford HIVE – a virtual classroom that can simultaneously connect up to 84 participants from around the world. We also facilitate Action Learning Sets so that small groups can research, test, and present new ideas or existing projects that add value to their organisations.

## We measure and assess impact

To continually improve all aspects of the programme experience, we partner with every client to create a detailed and tailored impact assessment that measures outcomes and quantifies a return on investment. We also continually seek feedback and use it to shape future iterations.

## We utilise research to address complex challenges

With access to centres of excellence and networks of industry experts, we consult on challenges with the people that understand it best. Our interdisciplinary research centres explore issues related to systemic leadership, strategic transformation, digital disruption, women transforming leadership, and more.

## We co-create with our partners from day one

Our team collaborates with partner organisations on the design and delivery of programmes to maximise their impact. This flexible, iterative process is informed by insights from Oxford faculty and perspectives from senior leaders.



## World-class research

At the heart of Saïd Business School is an emphasis on high-quality, academic research. Through research, our community identifies the most important and interesting challenges facing the business world, attempts to make sense of them and proposes innovative, evidence-based ways to tackle them. The Oxford Saïd research community provides the fresh ideas, novel perspectives and intellectual power to enable the School, its students, clients and participants to have an impact.

Our research mission is to produce research of the highest quality that is rigorous, imaginative, and meaningfully relevant to, and impactful on business practice. We are internationally renowned for research in a wide range of subject areas, including:

- Accounting
- Finance
- Health Care
- Impact
- Innovation
- International Business
- Management Science
- Marketing
- Megaproject Management
- Organisation Studies
- Professional Service Firms
- Strategy
- Technology and Operations Management.

The research reflects the expertise of our world-class faculty members, many of whom are leaders in their field and frequently engage with diverse groups, global organisations and governments.

Our dedicated research centres and initiatives provide an infrastructure to help facilitate research and impact activities in focused areas such as business taxation, digital marketing, and responsible business:

- Entrepreneurship Centre
- Oxford Future of Marketing Initiative
- Oxford Future of Real Estate Initiative
- Oxford Initiative on AIxSDGs
- Oxford University Centre for Business Taxation
- Oxford University Centre for Corporate Reputation
- Private Equity Institute
- Responsible Business Network
- Skoll Centre for Social Entrepreneurship.

## Open and online programmes for individuals

CEOs, senior and high potential executives and entrepreneurs from around the world attend our on-campus programmes, providing opportunities to share experiences, learn from each other's perspectives and open up a global network.

These programmes focus on:

- Leadership
- Finance
- Strategy
- Marketing.

We have also developed a portfolio of online programmes, designed for an international audience allowing participants to engage and interact with a global cohort of like-minded professionals and innovators.

Delivered in partnership with leading online education provider GetSmarter, each programme is an immersive and collaborative experience set over a series of modules. Oxford faculty and industry experts will guide you through discussions, group work and diverse learning activities.

To view all of our Executive Education programmes, visit [www.sbs.oxford.edu/execed](http://www.sbs.oxford.edu/execed)

# Interdisciplinary research centres at Oxford

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## **The Oxford Martin School**

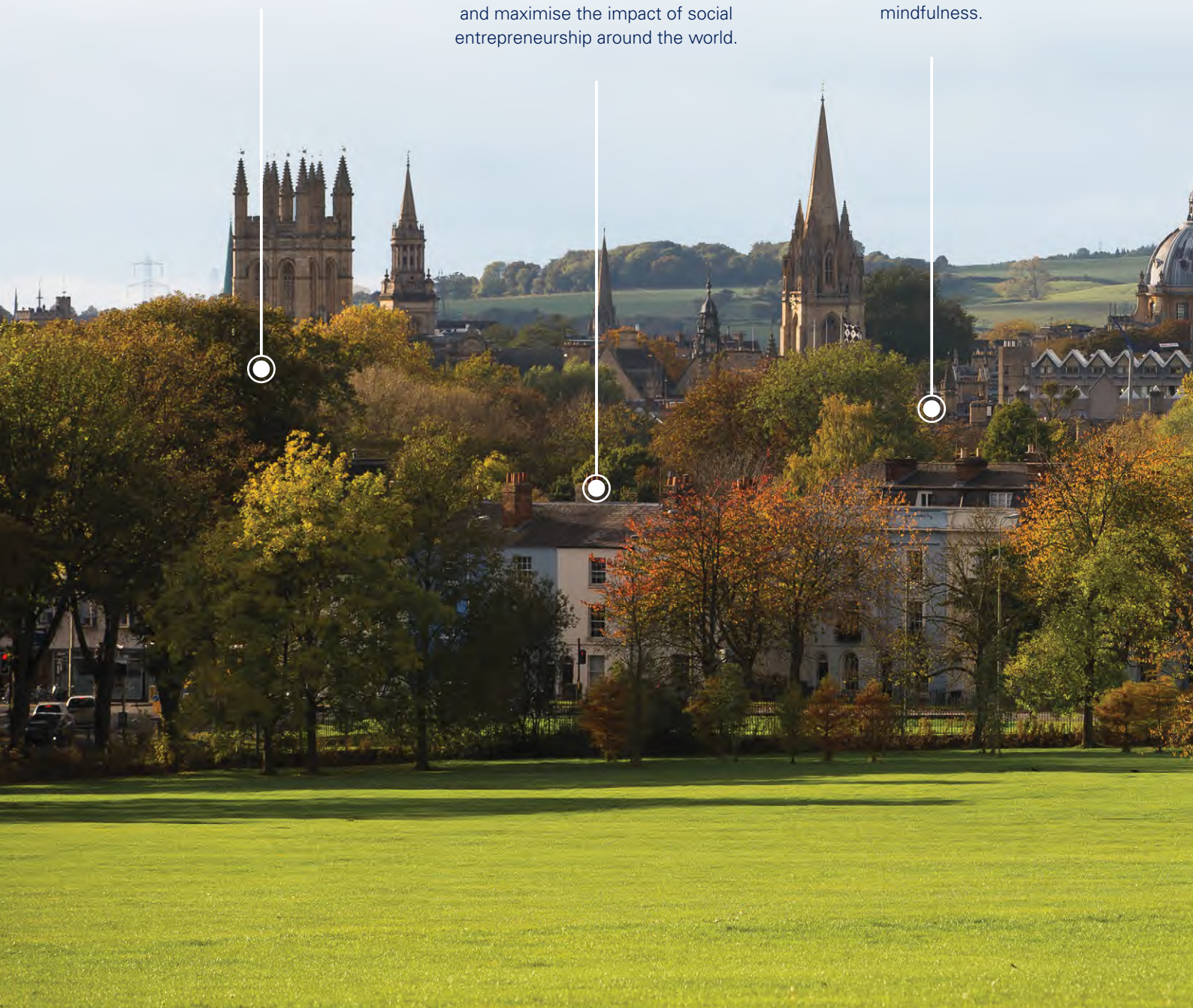
A unique, interdisciplinary research community of over 200 scholars working to address the most pressing global challenges and opportunities of the 21st century.

## **Skoll Centre for Social Entrepreneurship**

A social impact centre within Oxford Saïd which aims to transform unjust or unsatisfactory systems or practices, address critical social and environmental challenges, and maximise the impact of social entrepreneurship around the world.

## **The Oxford Mindfulness Centre**

An international centre of excellence within Oxford University's Department of Psychiatry. The centre works with partners around the world to enhance human potential through the use of mindfulness.



### **The Oxford Internet Institute**

An academic centre for the study of the societal implications of the Internet. Research projects cover issues of the Internet in everyday life, governance and democracy, science and learning and shaping the Internet.

### **The Oxford Centre for Entrepreneurship and Innovation**

A world-class centre for research into entrepreneurship and innovation based at Oxford Saïd. The centre also runs Oxford Entrepreneurs which is the largest student and alumni entrepreneur society in Europe with over 10,000 members.

### **Oxford University Centre for Corporate Reputation**

This centre is concerned with identifying the underlying determinants of corporate reputation and how these impact, enhance and sustain an organisation and its overall performance.





### How may we help you and your organisation?

Working in close collaboration with our partners, the Custom Executive Education team at Saïd Business School, University of Oxford, tailors offerings to deliver the right solutions in the right format to the right people – at precisely the right time. These offerings vary, but might include:

- A transitional leadership programme that prepares high-potential leaders for new roles and responsibilities
- A cultural-change programme that drives transformation across the organisation
- A programme dedicated to strengthening core competencies in a particular area, such as innovation
- An educational offering that builds better relationships with clients.

If you would like to discuss anything you have read in this paper, we would love to talk:

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