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Leadership in Turbulent Times

Transition vs. Destruction

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Background Paper

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STIFTUNG

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Overview

The articles included in this background paper, **Leadership in Turbulent Times – Transition vs. Destruction**, have been written in preparation for the Trilogue Salzburg 2026, which will explore how leadership can provide direction and leaders can assume responsibility amid profound technological, geopolitical and economic uncertainty.

Artificial intelligence is changing facets of life across the board. From automation, office assistants and complex data analysis to smart devices in homes and in our pockets, AI has quietly become ubiquitous. However, while AI innovation is rapidly developing, the realization of AI's promise of "general intelligence" is still in its infancy. As the AI transformation strides on with an entitled air of inevitability, many have come to see it as a source of great uncertainty: How will AI change the arts, the world of work, interpersonal relationships and governance? And will the changes be for the better?

While citizens and leaders around the globe are struggling to find answers, the AI transformation is but one of many radical changes happening simultaneously. After US President Trump's threat to annex Greenland, Europe has been left feeling blindsided and thoroughly disillusioned with the transatlantic partnership, once taken for granted, while Russia's war against Ukraine drags on. In Asia, too, tensions are rising as China and Japan adopt a more hostile rhetoric towards each other. As the international order reorganizes itself, security has become a new priority for European nations. EU military spending has increased over 60 percent since 2020 and is expected to keep rising. Additionally, with the US abdicating its role as a reliable nuclear umbrella, the debate on the possible expansion of nuclear deterrence in the EU and elsewhere has gained momentum, putting fresh wind in the sails of nuclear proliferation.

Meanwhile, economies are struggling to adapt to new risks and realities. The service sector is changing the architecture of the global economy, while new technologies, concentrated among a few tech giants, are emerging as central economic drivers. The European Union is struggling to walk the line between pushing competitiveness and maintaining protection rights in the shift towards an information economy.

Such across-the-board change is destabilizing. In uncertain times, people turn to leadership for guidance and orientation. Leaders are fated to navigate uncertain waters and shoulder the responsibility for inevitable missteps. And yet, broad uncertainty makes their job incomparably more difficult. Leaders must remain flexible, adapting in real-time as political affairs and technological innovations produce new realities that require them to walk a fine line between daring and caution. However, a glance at world affairs provides sufficient evidence that difficult circumstances do not necessarily produce ideal leadership. As we are experiencing today, some leaders are prone to increasing uncertainty rather than providing orientation when they actively break down guardrails and pursue erratic and transactional policies.

In light of the above, this background paper focuses primarily on the following issues:

- How can leaders successfully navigate uncertainty?
- What is the role of leadership in uncertain times – and is it changing?
- What major leadership challenges are taking shape?

The first article, **Leadership in Turbulent Times**, examines how a volatile, uncertain, complex and ambiguous world is reshaping leadership and organizational sensemaking. The authors explore the risks these pressures pose to decision-making, trust and legitimacy, and propose practical strategies for more adaptive, ethical and resilient leadership.

The author of **The Paradox of Stability in an Age of Increasing Turbulence** examines how economic and organizational systems can remain remarkably stable despite accelerating technological, geopolitical and social disruption. The author argues that stability emerges from continuous adaptation rather than rigid control and calls on leaders to combine a clear strategic purpose with flexible execution, decentralized decision-making and institutionalized learning.

In the article **Leadership in the Age of Permanent Visibility**, the author demonstrates how social media have transformed political communication from carefully managed messaging into direct, continuous interaction between leaders and citizens. Drawing on examples from Moldova, the United States and two decades of practical experience, the author argues that digital visibility rewards authentic leadership without making aggression or provocation inevitable.

The author of **Leadership and the Role of Power in the Geoeconomic Turning Point** analyzes the shift from a cooperative, rules-based global economy towards an order increasingly shaped by geopolitical rivalry and economic coercion. The author assesses the costs of geoeconomic power and proposes five priorities for strengthening Europe's strategic capacity, resilience and international influence.

The fifth article, **Cross-Cultural Differences in Leadership Styles in Europe and Asia – Four Paradoxes**, explores how contrasting histories, political traditions, social structures and concepts of sovereignty shape leadership across the two regions. Despite these differences, the author identifies growing common ground around global challenges, economic transformation and an increasingly unpredictable United States, arguing for deeper European-Asian cooperation.

The next article, **The Age of AI: Leadership, Democratic Regression, and the Search for Certainty**, shows how political fragmentation and populism have brought to the fore leadership styles based on spectacle, ambiguity, unpredictability and wealth. The author contrasts these trends with historical models and explores whether artificial intelligence could strengthen democratic governance and promote a restrained form of "heroic mediocrity" that is better suited to an unstable world.

The seventh article, **Leaders Must Swim Against the Current of Turbulence**, challenges the notion that uncertainty justifies reactive, purely adaptive leadership. The author argues that leaders should look for limited areas of causality, shorten planning horizons and alternate disciplined execution with deliberate reflection, grounding their decisions in a sense of responsibility, humility, courage and enduring human values.

The author of the article **Leadership in the Artistic and Cultural Sector** examines how cultural institutions can preserve artistic freedom, institutional stability and social relevance in the face of economic, technological and political pressures. Drawing on the history of the Salzburg Festival, the author advocates for cooperative, ethical and transformative leadership that strengthens resilience, facilitates dialogue and safeguards the democratic role of culture.

The ninth article, **Multilateralism in Transition: Leadership in Our Multipolar World**, discusses how globalization is not reversing but rather being reshaped, as strategic rivalry, security-oriented

interdependence and new centers of power are reshaping the international order. The author calls for the formation of decentralized coalitions, a stronger leadership role for middle powers, and institutional reforms to steer global governance from “mutually guaranteed disruption” towards “mutually guaranteed shaping.”

Finally, the article **Leadership in the New Space Age** illustrates how governments, businesses, and civil society can govern an increasingly competitive and commercialized space sector while preserving cooperation and benefits for humankind. Drawing on expert interviews, the author identifies transferable leadership principles centered on calculated risk-taking, institutional learning, engineered interdependence, shared responsibility and the ability to sustain ambitious goals.

Leadership in Turbulent Times

Jörg Habich | Maximilian von Boehm-Bezing | Verena Nowotny

I Introduction

Leadership in politics, business and the arts is currently exercised under extraordinary conditions. In 2023, António Guterres addressed the United Nations General Assembly with the words:

> "Our world is becoming unhinged. Geopolitical tensions are rising. Global challenges are mounting. And we seem incapable of coming together to respond."[1]

The global situation seems to have become, if possible, even more "unhinged" since 2023.

Major wars continue across Europe, the Middle East and Africa. At the same time, global power relations are shifting, democratic societies are becoming more polarized, climate effects are intensifying, energy systems remain under pressure and frontier technologies such as artificial intelligence (AI) are beginning to transform economies, institutions and everyday life. As familiar structures show visible cracks, the simultaneity of these disruptions creates an environment that feels increasingly fast-paced, fragmented and difficult to interpret.

Under such conditions, leaders are expected to provide direction and make consequential decisions despite limited resources, incomplete information and institutional structures that often resist rapid adaptation. The problem is not simply that leaders must process more information than before. They must assess developments whose consequences are uncertain, whose causes are interconnected and whose effects unfold across several domains at once. Political decisions influence economic stability; technological innovation changes patterns of communication and work; ecological pressures intensify social conflict. Even highly competent leaders are therefore frequently left to choose between several unsatisfactory options rather than between a clearly right and a clearly wrong course of action.

The strain is also interpersonal. Turbulence and uncertainty weaken trust, increase anxiety and contribute to disengagement among employees, citizens and institutional stakeholders. Leadership in such settings cannot be reduced to decision-making alone. It also involves explaining what is happening, establishing priorities and sustaining a sense of collective purpose when outcomes remain uncertain. Contemporary accounts reflect this pressure. A 2023 study suggested that three-quarters of business leaders had experienced a tenfold increase in the number of decisions they were required to make each day.[2] Leaders also report growing expectations, more intense public scrutiny and less predictable contextual conditions.[3] The sharp rise in CEO resignations and the declining willingness to assume senior leadership positions reported in 2025 further indicate that these demands are not merely perceived but are producing visible organizational consequences.[4]

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1 Guterres, António. Secretary-General's Address to the General Assembly: 78th Session. In: United Nations (Sept. 19, 2023). https://www.un.org/sg/en/content/sg/statements/2023-09-19/secretary-generals-address-the-general-assembly [retrieved June 23, 2026].

2 Purdy, Mark and Mark A. Williams. How AI Can Help Leaders Make Better Decisions Under Pressure. In: Harvard Business Review Digital Articles (Oct. 2023), pp. 1–10.

3 Llopis, Glenn. 8 Reasons Leadership Is Hard and Why Few Are Prepared to Lead. In: Forbes (May 5, 2025). https://www.forbes.com/sites/glennllopis/2025/05/05/8-reasons-leadership-is-hard-and-why-few-are-prepared-to-lead/.

4 Borchers, Callum. Why More CEOs Are Heading for the Exit. In: The Wall Street Journal (May 1, 2025). https://www.wsj.com/lifestyle/careers/why-more-ceos-are-heading-for-the-exit-f8b23e1c.

Complexity and uncertainty have always been part of leadership. What distinguishes the present situation is the combination of scale, speed and interdependence. The number of crises matters less than the way in which they reinforce one another. Geopolitical conflict affects energy markets and supply chains; economic insecurity fuels political radicalization; climate-related disruptions intensify migration and distributional conflict. The resulting sense of powerlessness is therefore not caused by a single overwhelming problem, but by the difficulty of separating one challenge from another. It is precisely this entanglement that increases the demand for "good leadership."

At the same time, turbulence is not only something leaders must manage. In some cases, it is deliberately intensified by political actors who cultivate confrontation, uncertainty and personal loyalty as instruments of power. Donald Trump captured this form of leadership with unusual clarity when he stated during the 2016 presidential campaign:

> "I could stand in the middle of Fifth Avenue and shoot somebody, and I wouldn't lose any voters."[5]

The remark points to a model of authority that does not primarily depend on competence, institutional responsibility or persuasive argument. Instead, it rests on identification, loyalty and the willingness of followers to suspend ordinary standards of judgment. Leadership in turbulent times must therefore be examined not only as a possible response to disorder, but also as a potential source of it.

Digital technologies further complicate this picture because they alter the conditions under which uncertainty is perceived and interpreted. Social media platforms influence which information becomes visible, when it appears and how long it holds public attention. They accelerate communication, amplify emotional content, fragment audiences and create distortions in the perception of social and political reality. These technologies do not merely shape the environment in which leaders operate. They increasingly affect the leadership process itself by changing how authority is performed, how legitimacy is constructed and how followers respond to competing interpretations of events.

This development is particularly significant because leadership is closely connected to interpretation and the creation of meaning. Leaders do not simply react to an objective reality; they select, frame and communicate particular aspects of it. They identify what should be regarded as urgent, which risks deserve attention and which collective objective ought to guide action. Yet the technologies through which reality is now perceived, interpreted and communicated are themselves undergoing rapid transformation. Contemporary leadership must therefore adapt not only to a more turbulent world, but also to a fundamentally altered process of sense-making.

The central challenge can thus be formulated more precisely. Leadership in turbulent times is expected to reduce complexity, provide direction and create cohesion under conditions in which information is abundant but unreliable, institutions are strained and shared interpretations are increasingly difficult to sustain. Whether leadership can still fulfil this function – and under what conditions it instead deepens confusion, polarization or dependency – has become a central question for politics, business, society and culture.

Before examining these challenges in greater detail, however, a basic understanding of leadership must first be clarified.

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[5] Dwyer, Colin. Donald Trump: 'I Could … Shoot Somebody, and I Wouldn't Lose Any Voters'. NPR, Jan. 23, 2016. https://www.npr.org/sections/thetwo-way/2016/01/23/464129029/donald-trump-i-could-shoot-somebody-and-i-wouldnt-lose-any-voters [retrieved July 27, 2026].

II Understanding Leadership

Traditional research on human resources identifies various tasks that must be fulfilled by leaders or managers. In this context, it is of little consequence whether leadership involves managing oneself, employees, entire organizations or even societies. Just as with the concepts of democracy, peace and love, the term “leadership” also has a wide range of meanings and a multifaceted understanding of what is meant by it. Despite this complexity, four elements are crucial to leadership:

- It is a process where a leader affects and is affected by followers.
- It involves influence as a sine qua non.
- It occurs in task groups, a community or a large group like a society.
- It involves goal attainment, which implies moving individuals toward an objective. Therefore, leadership could be defined as a process whereby an individual influences a group of individuals to achieve a common goal.[6]

Leadership can be exercised by influencing behavior directly or indirectly. **Direct leadership** refers to the immediate influence leaders exert through personal interaction, such as communication, guidance, feedback and motivation. **Indirect leadership**, by contrast, shapes the structural, institutional and cultural conditions within which individuals and groups act, influencing behavior through governance structures, norms, incentives, organizational systems and shared values rather than through face-to-face interaction.[7] Leadership is inherently reciprocal and creates a mutual dependence between leaders and those they lead, in which leadership is also actively ‘led upward’.[8]

There are various approaches to ensuring consistent and goal-oriented behavior, with shared goals and values, deliberately designed formal regulations, as well as informal rules and norms, relationships of superiority and subordination within hierarchies, and planning or planning objectives serving as key characteristics.[9]

Even when leadership and management overlap, there are clear differences between both complementary systems of action. Management is about coping with complexity and producing order and consistency (e.g. planning, budgeting, organizing). Leadership is about coping with change and producing movement (e.g. creating a vision, aligning people and inspiring action). Not all leaders manage (e.g. informal leaders) and not all managers exercise leadership.

> “To survive in the twenty-first century, we are going to need a new generation of leaders – leaders, not managers. The distinction is an important one. Leaders conquer the context – the

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6 Northouse, Peter G. Leadership. Theory and Practice, 4th ed. Thousand Oaks: Sage Publications. 2007, pp. 2–4.

7 Yukl, Gary A. and William L. Gardner. Leadership in Organizations, 9th ed. Harlow: Pearson, 2020.

8 Gabarro, John J. and John P. Kotter. Managing Your Boss, in: Harvard Business Review, 58 (1), 1980, pp. 92–100.

9 Weber, Wolfgang, Wolfgang Mayrhofer, Werner Nienhüser and Rüdiger Kabst. Grundbegriffe der Personalwirtschaft, 2nd ed. Stuttgart: Schäffer-Poeschel, 2005.

> volatile, turbulent, ambiguous surroundings that sometimes seem to conspire against us and will surely suffocate us if we let them – while managers surrender to it."[10]

Leadership is fundamentally about creating change by setting a clear direction through vision and strategy, rather than producing detailed plans. Unlike management's planning process, which focuses on achieving orderly results, leaders analyze broad information to identify patterns and develop a long-term vision with a realistic path for achieving it. Vision is not the product of inspiration or radical innovation, but of analysis, strategic thinking and the ability to combine existing ideas into a compelling direction. Therefore, creating an effective vision is not a mystical or necessarily highly innovative act, but the result of careful strategic thinking, informed analysis and a willingness to take risks.[11]

In the past, leadership often meant making decisions within a relatively stable framework. Even though the future has always been uncertain and leaders have always had to make decisions amid uncertainty, the emergence of the VUCA world (volatile, uncertain, complex and ambiguous) has once again brought the unpredictability of the future into sharper focus.[12] The more stable the future is (or appears to be), the less uncertainty there is (whether apparent or real), and the less complex tomorrow seems, the more established processes and routines can ensure that shared or common objectives are achieved. In fact, one of the key roles of leadership is to provide guidance in uncertain situations so that a goal can be achieved. In other words, the less stable or the more turbulent the times are, the less leadership can be exercised by establishing indirect leadership. Leadership has been explained through a range of theoretical perspectives. No single theory fully accounts for leadership behavior; instead, different approaches complement one another by emphasizing distinct aspects of the leadership process. The most influential perspectives include:[13]

- **Trait theories** assume that certain personal characteristics, such as intelligence, conscientiousness or extraversion, increase the likelihood of effective leadership.
- **Behavioral theories** focus on the specific behaviors exhibited by effective leaders, such as task-oriented and relationship-oriented leadership.
- **Contingency theories** argue that leadership's effectiveness depends on the context in which leadership occurs. Effective leadership occurs when the type of leading matches the situation.
- **Transformational and transactional leadership theories** distinguish between leaders who inspire followers through vision, motivation and personal development (transformational leadership) and those who rely on goal setting, contingent rewards and performance monitoring (transactional leadership).

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[10] Bennis, Warren G. Managing the Dream: Leadership in the 21st Century. In: Journal of Organizational Change Management, 2 (2013), 6–10, p. 7.

[11] Kotter, John P. What Leaders Really Do. In: Harvard Business Review, May–June (3), 1990, pp. 103–111.

[12] Bennett, Nathan and G. James Lemoine. What a Difference a Word Makes: Understanding Threats to Performance in a VUCA World. In: Business Horizons. 57, Issue (3), 2014, pp. 311–317.

Horney, Nick, Bill Pasmore and Tom O'Shea. Leadership Agility: A Business Imperative for a VUCA World. In: People & Strategy, 33 (4), 2010, pp. 32–38.

[13] Northouse, Peter G. Leadership. Theory and Practice, 4th ed. Thousand Oaks: Sage Publications, 2007.

- **Leader–Member Exchange theory** emphasizes the quality of the relationship between leaders and followers as a key determinant of employee motivation, commitment and performance.

- **Motivational and psychological theories**, including Self-Determination Theory, Goal-Setting Theory and Expectancy Theory, explain how leadership influences employees' motivation and behavior.

- **Systems and organizational theories** conceptualize leadership as part of a broader social system in which communication, organizational structures and interactions between the organization and its environment shape leadership processes.

Consequently, most modern leadership models integrate multiple theoretical perspectives rather than relying on a single theory.

Across government, society, business and culture, leaders face a common set of responsibilities despite operating in different institutional contexts. These responsibilities can be grouped into four fundamental categories that reflect the core tasks of contemporary leadership:

- **Setting Direction and Managing Change.** One of the primary responsibilities of leaders is to establish a clear vision and provide strategic direction in environments characterized by uncertainty and rapid change. Rather than merely maintaining existing structures, leaders must anticipate emerging trends, define long-term objectives and guide organizations or societies through political, economic, technological and social transformations. Effective direction-setting requires interpreting complex information, making strategic decisions despite uncertainty and communicating a compelling vision that aligns stakeholders around shared goals.

- **Mobilizing and Developing People.** Leadership depends on the ability to influence and motivate others toward collective objectives. Leaders must build trust, communicate effectively, foster collaboration and create an environment in which individuals are committed to organizational or societal goals. This task has become increasingly important as workforces and communities become more diverse and expectations regarding participation, inclusion and employee well-being continue to evolve. Developing talent, empowering individuals and cultivating high-quality relationships are therefore central leadership responsibilities.

- **Managing Complexity, Risk and Organizational Performance.** Leaders operate in increasingly complex environments shaped by globalization, digitalization, economic uncertainty and geopolitical instability. They must balance competing stakeholder interests while ensuring organizational effectiveness, resilience and ethical decision-making. This involves allocating resources strategically, managing crises, promoting innovation and adapting organizational structures to changing external conditions. Successful leaders are able to maintain operational performance while simultaneously preparing their organizations for future challenges.

- **Ensuring Legitimacy, Ethics and Sustainable Value Creation.** Leadership extends beyond achieving short-term performance outcomes. Leaders are expected to act ethically, maintain public or organizational trust and create sustainable value for a broad

range of stakeholders. In government, this includes protecting democratic legitimacy and accountability; in business, balancing profitability with environmental and social responsibility; and in society and culture, promoting inclusion, social cohesion and responsible stewardship. As expectations regarding corporate social responsibility, environmental sustainability and ethical governance continue to increase, leaders must integrate these considerations into strategic decision-making and organizational practice.

Although there has been extensive research on the topic of leadership and leaders, one gets the impression that there are currently a multitude of questions for which there are no answers:

- What does good leadership look like?
- Where do our leaders come from?
- Who even wants to take on leadership roles anymore?
- Why don't the best people rise to the top when it comes to leadership?

However, the underlying issues involved are questions that have long been of concern to researchers, society, organizations and individuals.

The impression that there are fewer and fewer compelling leaders in politics, business and the arts is widespread. Accordingly, current criticism of leadership and existing leaders is nothing new, so much so that Davidson put it as follows as early as the 1970s – and he was certainly not the first to do so at the time:

> "Whether history creates leaders or leaders create history, a flourishing society has leaders in abundance. Where are they today in the United States? Suppose the proverbial man from Mars landed and demanded, "Take me to your leader!" To whom would you take him?"[14]

However, it cannot be attributed to a single cause. It is likely the result of several converging trends, which have increased the complexity and the demands on leadership, while at the same time public perception, as shaped by (social) media and social networks, has become significantly more critical.

Furthermore, the characteristics of successful leadership are changing. It seems to be increasingly difficult to define what constitutes good leadership. For a long time, assertiveness, charisma and determination were considered decisive traits. The sheer number of approaches to explaining leadership alone shows that there is no single, clear-cut definition of "good leadership" and, therefore, no one-size-fits-all solution for developing "suitable leaders"; nor is there still a usable explanation of what constitutes good leadership.

In leadership research, good leadership is primarily measured by its effectiveness – that is, by whether it both achieves the desired goals and promotes the motivation, well-being and development of those being led.[15] Nevertheless, there is a tendency that transformational leadership in particular – with an inspiring vision, individual support, role modeling and intellectual stimulation –

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[14] Davidson, Justin H. The Top of the World Is Flat. In: Harvard Business Review, 55 (2), 1977, pp. 89–99, p. 97.

[15] Yukl, Gary. Leadership in Organizations, 8th ed. Harlow: Pearson Education India, 2013.

is consistently associated with higher performance, job satisfaction and organizational commitment.[16] At the same time, integrity is considered a central prerequisite for sustainable leadership, as trust between leaders and employees depends significantly on perceived honesty and ethical behavior.[17] Therefore, if it is to be defined at all, good leadership today is less defined by charisma or authority and is instead determined, depending on the situation, by the ability to make responsible decisions under complex conditions, provide guidance and foster collaboration.

Comparisons between Leadership and Management

Category	Leadership		Management
Thinking Process	Focuses on people	————	Focuses on things
	Looks outward	————	Looks inward
Goal Setting	Articulates a vision	————	Executes plans
	Creates the future	————	Improves the present
	Sees the forest	————	Sees the trees
Employee Relations	Empowers	————	Controls
	Colleagues	————	Subordinates
	Trusts & develops	————	Directs & coordinates
Operations	Does the right things	————	Does things right
	Creates change	————	Manages change
	Serves subordinates	————	Serves superordinates
Governance	Uses influence	————	Uses authority
	Uses conflict	————	Avoids conflict
	Acts decisively	————	Acts responsibly

Source: Lunenburg, Fred C. Leadership versus Management: A Key Distinction – At Least in Theory, in: International Journal of Management, Business, and Administration. Vol. 14 (1), 2011, p. 2.

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III Leadership under Pressure

Disruptive developments such as rapid digitalization and the increasing integration of social media and artificial intelligence (AI) into the workplace are poised to transform core leadership tasks, including sensemaking, communication and interpersonal relations within companies and organizations. As a consequence, leaders can no longer see themselves solely as drivers of change, but must simultaneously consider themselves subjects of it.[18] How well the current challenges can be tackled is dependent on leaders' ability to adapt.

One of the most significant domains of leadership being affected by technological disruption is the interpretation of information, or "sensemaking." Leaders play a central role in organizational sensemaking by acting as linchpins between environmental and organizational information. In this context, a leader's perception and interpretation of events is of paramount importance for the decision-making process. Leaders reduce and interpret complex situations into meaningful narratives, enabling organizations to identify and act upon organizationally relevant information. Their perception, however, does not emerge in isolation: It depends on cues and sources of information. What

16 Judge, Timothy A. and Ronald F. Piccolo. Transformational and Transactional Leadership: A Meta-Analytic Test of Their Relative Validity. In: Journal of Applied Psychology, 89 (5), 2004, pp. 755–768.

17 Brown, Michael E. and Linda K. Treviño. Ethical Leadership: A Review and Future Directions. In: The Leadership Quarterly, 17 (6), 2006, pp. 595–616.

18 Busold, Johannes, Janna Ehrlich, Ingrid Feinstein and Jörg Habich. Führung mit Künstlicher Intelligenz: Was Führungskräfte heute über KI denken – und was das für die Führung von morgen bedeutet. Policy Brief. Gütersloh: Liz Mohn Stiftung, Sept. 2025.

leaders notice, how they interpret it and which conclusions they draw are significantly shaped by the form and content of the information they are exposed to.

While leadership depends on such a selective reduction of complexity to function, contemporary technologies increasingly influence those selections. Today's technological landscape has radically transformed how information is produced, communicated and consumed. Social media, artificial intelligence and digitalization have made information ubiquitous and threaten to increase the perceived complexity of leading by forcing leaders to make sense of more information and work harder to prevent a distortion of their perceived reality. Leaders thus face a double task: They must continue to reduce complexity into meaningful interpretations while simultaneously remaining critical of the technological information systems that determine which cues become visible and salient and thereby shape their interpretation. Under these circumstances, it is more important than ever that leaders adapt and learn to protect themselves and their organizations or institutions from the pitfalls of information technology.

To preface the deeper discussions on leadership in politics, business and the arts, the subsequent sections seek to examine leadership as a function for interpretation and complexity reduction, and the consequences of information-based technologies for the sensemaking process, thereby touching on several important questions:

- In what ways do information technologies influence how leaders make sense of uncertainty?
- How do they alter leaders' capacity to communicate and interpret information?
- Which practices can reduce the resulting epistemic and organizational risks?

IV Interpreting Complexity

The world is dauntingly complex. Leaders, like anyone else, must make sense of the world through the interpretation of information. However, information is not encountered as objective fact, but must be made meaningful before it can be useful. Seen through the eyes of Luhmann, leaders can be understood as operating in the context of social systems in which complexity is reduced via operational closure.

1. Approaching Complexity

Thinkers from David Hume and Immanuel Kant to Martin Heidegger understood the world independent of our perception to be fundamentally inaccessible. Meaning is created through our faculties, interaction and experience of reality. We perceive the world through our biological and mental apparatus, which impose structure and meaning onto the world. We infer cause and effect, location in time and space, which we cannot verify independently without ourselves intruding into the equation. As a consequence, despite our desire for dependable rules, relationships of cause and effect cannot be shown to exist outside of our field of experience.[19] This insight has proven to have significant practical implications, especially for modern physics. The Everett interpretation of quantum mechanics, for instance, finds that as soon as an observer enters the picture, they become entangled with the measured system; it is impossible for the observer to access or describe

[19] Kant, Immanuel. Kritik der reinen Vernunft. Darmstadt: Wissenschaftliche Buchgesellschaft, 1981, pp. B42ff.

reality independent of themselves.[20] From this view, the independent "real world" will always elude human understanding; we cannot discover the complexity of the world without reducing it into comprehensible fragments. Without preset filters sifting through the chaos, nothing would come into view and become identifiable, meaningful or interpretable. Giving meaning to information is a reduction of complexity without which there would be nothing tangible to act upon.

2. Luhmann and the Reduction of Complexity

In his landmark *Soziale Systeme* (1984), Luhmann understood the same puzzling phenomenon in terms of *systems* and their *operational closure*. Systems cannot directly access their environment but can nonetheless enter a relationship of mutual influence with it. Luhmann gives the example of the nervous system: It is entirely isolated from the environment "outside" of itself and functions merely by observing its own internal communication via electrical signals; the system is entirely self-referential (*autopoiesis*), without direct interaction with the outside world. Any environmental influence must first be interpreted by the nervous system into electrical signals which the brain interprets and reacts to with a responding signal, translating it back into the environment through physical activity.[21]

Social systems such as "economics," "politics," "media" and "law" equally serve to reduce the overwhelming incoherence of complexity in the social realm into meaningful and actionable categories. Analogous to the nervous system, social systems are operationally closed and selectively reduce complexity according to their own system-specific code.[22] When a conflict between two people is brought before a court, the issue may have involved many intense emotions, a complex history, blame, inequality and social context. But a court cannot process the situation in all its complexity. It must reduce it through legal categories (e.g. evidence, liability, intent). Only once the situation is filtered in this way can the information become meaningful and a judgment possible. Operational closure is a necessary reduction of complexity whereby activity and agency become possible, or, as Luhmann put it: "(…) closure (…) is redefined as a condition of structural openness (…)."[23]

V Sensemaking: Leaders as Interpreters

However, any communication between a social system and its environment necessarily requires a point of translation through which information is reinterpreted according to its system-specific code. Because social systems differ in their interpretative code, every system understands the same event differently. The introduction of artificial intelligence, for instance, can be interpreted in education as a pedagogical crisis, in law as a compliance problem, in business as a market opportunity and in the media as a public controversy.

According to Luhmann's logic, leadership can be understood as a function *within* social systems that mediates information from external and internal system environments through interpretation and communication. While leaders are not the only interpreting actors, they serve as the keystone

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[20] Chalmers, David J. The Conscious Mind: In Search of a Fundamental Theory. New York: Oxford University Press, 1996, p. 346–351.

[21] Luhmann, Niklas. Operational Closure and Structural Coupling. Video lecture, July 21, 1990. https://www.youtube.com/watch?v=y_Ejam5qlwI [retrieved June 23, 2026].

[22] Luhmann, Niklas. Social Systems. Translated by John Bednarz Jr. and Dirk Baecker. Stanford, CA: Stanford University Press, 1995. Original edition, 1984, foreword, p. xxxv.

[23] Luhmann, Niklas. Social Systems. Translated by John Bednarz Jr. and Dirk Baecker. Stanford, CA: Stanford University Press, 1995. Original edition, 1984, foreword, p. xx.

that selects and brings together information from various sources, translating it to make it coherent, uniform and actionable within the home system. This process of complexity reduction through which leaders interpret and select meaningful information is what Gioia and Chittipeddi (1991) call *sense-making*. The ability of a system to adapt its selection procedures and avert a crisis significantly depends on a leader's capacity for sensemaking.

In the spirit of Luhmann, Weick finds that "sensemaking starts with chaos."[24] To navigate this chaos, sensemaking reduces complexity into actionable concepts in four steps. First, a new environment or change is sensed and *noticed* as unfamiliar and in need of attention. Through *bracketing*, the individual begins to interpret the situation through existing cognitive frames such as experience and education. Once bracketed and once it starts to come together to form a story, information is given a *label*. Finally, these learnings are retained and internalized, subsequently acting as new frames that shape future sensemaking.[25] Ultimately, the process of sensemaking is about giving meaning to new information while guided by the decision-making question: "What do I do next?"[26] Leaders responsible for the sensemaking process can thereby be understood as actors in the keystone position of an operationally closed system, bridging the gap between the external environment and the organizational environment. By translating new information into labels and language that have meaning in a given organizational context, goals can be formulated and measures or responses organized. Any goal-oriented action is enabled by the sensemaking process. In short, sensemaking can be summarized as follows:

> "The process through which managers and other organizational actors come to understand events or issues, constructing meanings by extracting, interpreting, and acting upon cues from their environment."[27]

Influence Factors

However, this process of interpretation does not occur in a vacuum. Weick (2005) defines seven conditions (SIR COPE) that exert significant influence on sensemaking. First, interpretation requires and is influenced by social context, given that communication is the central mechanism for sharing information and forming opinions. Second, identity, such as age, gender or education, provides cognitive frames, shaping how information is received and decisions are made. Third, sensemaking is retrospective in that it relies on prior experience and interpretation structures when confronted with unknown situations. Fourth, information cues, consciously or subconsciously attained through noticing and bracketing information, shape interpretation. Fifth, sensemaking is a continuous, ongoing process, given that information is imperfect and new perspectives arise from

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[24] Weick, Karl E., Kathleen M. Sutcliffe and David Obstfeld. Organizing and the Process of Sensemaking. In: Organization Science, Vol. 16, No. 4 (2005), pp. 409–421, p. 411.

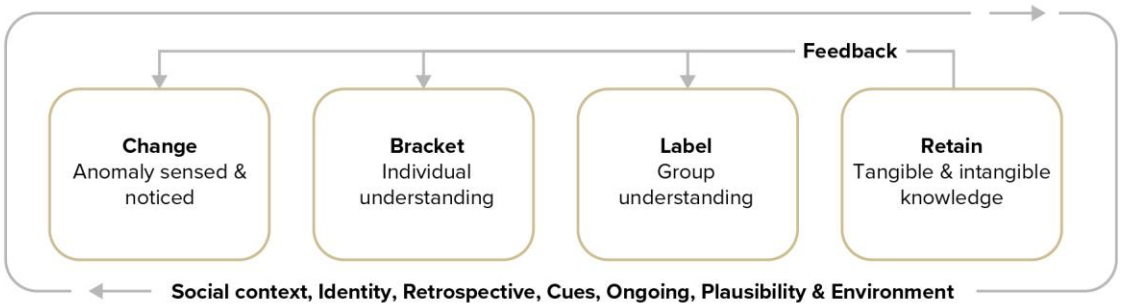
[25] See Eckstein, Gary, Anup Shrestha and Fiona Russo. Thirty-Five Years of Sensemaking in the Business & Management Research: A Bibliometric Analysis, Review and Discussion. In: Management Review Quarterly, Vol. 75, No. 4 (2025), pp. 3191–3217, p. 3193.

[26] Weick, Karl E., Kathleen M. Sutcliffe and David Obstfeld. Organizing and the Process of Sensemaking. In: Organization Science, Vol. 16, No. 4 (2005), pp. 409–421, p. 409–412.

[27] Whittle, Andrea, Eero Vaara and Sally Maitlis. The Role of Language in Organizational Sensemaking: An Integrative Theoretical Framework and an Agenda for Future Research. In: Journal of Management, Vol. 49, No. 6 (2023), pp. 1807–1840, p. 1808.

learnings from previous experiences. Sixth, sensemaking relies on plausibility to form understanding and opinions despite imperfect information. Finally, when steps are taken based on this understanding, a reality or environment is actively constructed.[28]

Sensemaking Model



Source: Eckstein, G., Shrestha, A., & Russo, F. (2024). Thirty-five years of sensemaking in business and management research: A bibliometric analysis, review and discussion. Management Review Quarterly, 75, p. 3194.

Sensemaking assigns meaning to information, transforms it into coherent concepts or goals, and finally produces an environment through actions taken based on an interpretation.[29] This interpretative work is not limited to external cues, but brings internal and external information together in a meaningful way. When a leader finds that the internal system structure or goals are no longer compatible with the external environment, this may trigger an organizational change process.[30] Internal factors shaping the interpretative process may include the organization's strategic goals, existing technological infrastructure, employees' digital competencies, available resources, cultural readiness and concerns about autonomy or job security. External factors could include the regulatory framework, competition or security. For example, before choosing an AI model to integrate into an organization, a leader must gauge which of the available models has the highest potential value for the organization.

After the sensemaking process is complete, leaders attempt to embed their interpretation of reality into their home system via **sensegiving**. While leaders are *not the only interpreting actors* and the information processed by all members of an organization greatly exceeds what individual leaders can manage, they are responsible for providing the sensemaking "lenses" which determine how further information is processed within the organization, thereby influencing how reality is interpreted by its members.[31] The introduction of sensemaking lenses is self-reinforcing in that, once interpretative structures are introduced into the system, a leader's perception of information will also be shaped by them. This is illustrated by Gioia and Thomas, who found that strategy is significantly shaped by existing sensemaking structures.[32] The process of sensegiving can be illustrated

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[28] See Eckstein, Gary, Anup Shrestha and Fiona Russo. Thirty-Five Years of Sensemaking in the Business & Management Research: A Bibliometric Analysis, Review and Discussion. In: Management Review Quarterly, Vol. 75, No. 4 (2025), pp. 3191–3217, p. 3194.

[29] Gioia, Dennis A. and Kumar Chittipeddi. Sensemaking and Sensegiving in Strategic Change Initiation. In: Strategic Management Journal, Vol. 12, No. 6 (1991), pp. 433–448, p. 435.

[30] Gioia, Dennis A. and Kumar Chittipeddi. Sensemaking and Sensegiving in Strategic Change Initiation. In: Strategic Management Journal, Vol. 12, No. 6 (1991), pp. 433–448, p. 434.

[31] Daft, Richard L. and Karl E. Weick. Toward a Model of Organizations as Interpretation Systems. In: The Academy of Management Review, Vol. 9, No. 2 (1984), pp. 284–295, p. 285.

[32] Gioia, Dennis A. and James B. Thomas. Identity, Image, and Issue Interpretation: Sensemaking During Strategic Change in Academia. In: Administrative Science Quarterly, Vol. 41, No. 3 (1996), pp. 370–403.

by an example: When a CEO communicates the introduction of AI tools as a way to enhance employees' work rather than replace it, they shape how organizational members understand and respond to the change. By framing the issue, they are influencing whether employees respond to it as an immediate threat to job security or a welcome evolution. How leaders communicate and pass on their interpretation thus conditions how information is perceived by followers within their system via sensegiving. Ultimately, sensegiving is also what allows leaders to communicate and embed their *vision* into sensemaking structures, enabling followers to rally behind a shared goal.

> "'Sensegiving' is concerned with the process of attempting to influence the sensemaking and meaning construction of others toward a preferred redefinition of organizational reality."[33]

The central role of leaders in the sensemaking and sensegiving process makes them a critical linchpin through which information is filtered as salient, given meaning within an organizational context, and transformed into an actionable strategy or vision. However, their importance in the interpretative process and influence on the organization is simultaneously a vulnerability: The interpretation process of leaders, like any other actor, is susceptible to influence. Because sensemaking depends on externally or socially supplied information cues, technologies that organize a leader's exposure directly impact the leadership process itself.

VI The Role of Information Technology

As discussed, the reduction of complexity is a necessary condition which enables activity. While leaders can be understood as a function within systems to reduce complexity via sensemaking and sensegiving, leaders rely on "vehicles" of information to inform them. Today, these vehicles are becoming increasingly digital in the form of social networks and support systems, such as social media and artificial intelligence, among others. Such information technologies are altering how information is consumed and communicated. They increasingly mediate the process of sensemaking and sensegiving, providing the cues and social contexts through which leaders construct meaning, therefore altering both leaders' capacity to make sense of information and uncertainty and their power to shape the interpretations of others. As they become more embedded into society, leaders must be aware of the potential effects these platforms and tools can have on sensemaking, sensegiving and decision-making.

1. Social Media

One must look no further than the social media presence of Donald Trump, Zohran Mamdani or even German Foreign Minister Johann Wadephul to see how profoundly social media are changing the way leaders are engaging and communicating with audiences. However, social media are not only changing communication structures, but also information consumption habits. Advertisers have long understood the potential of social media platforms to shape the perceptions of consumers. Indeed, the entire business model of the most common platforms, including YouTube, Instagram and TikTok, is built around the ability of the platform provider to predict individual consumer behavior based on tailored data analysis and to sell these predictive capabilities to advertisers seeking to target vulnerable audiences. Shoshana Zuboff summarizes the economic logic of these platforms as *(user) engagement – (data) extraction – (behavioral) prediction – (advertising) revenue* (EEPR).[34] The fact that this business model has become the backbone of four

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[33] Gioia, Dennis A. and Kumar Chittipeddi. Sensemaking and Sensegiving in Strategic Change Initiation. In: Strategic Management Journal, Vol. 12, No. 6 (1991), pp. 433–448.

[34] Zuboff, Shoshana. The Age of Surveillance Capitalism: The Fight for a Human Future at the New Frontier of Power. New York: PublicAffairs, 2019.

of the “magnificent 7” companies or some of their products (Alphabet, Meta, Amazon, Microsoft) serves to illustrate its success.

Learning to exploit social media’s algorithmic tendencies to garner visibility and control public perception is increasingly becoming an imperative. In German politics, the parties with the highest social media visibility and the ones most successful among users under 18 years of age are identical – the far-right Alternative für Deutschland and the far-left Die Linke – underlining the importance of social media in shaping perception.[35] For product-based businesses, advertising on social media has become a major driver of online sales.[36] Similarly, for culture and the arts, social media have become an effective platform to find audiences and advertise events, performances or artworks. Social media platforms are powerful tools which open doors, connect people and provide business opportunities. Leaders are driven to increase their presence on social platforms, because it is good for business. However, the allure of these platforms is not without risk, especially for leaders’ sensemaking process. Leaders must be aware of the potential of social media to shape perception, as can be understood through the lens of Weick’s sensemaking model. As a communication platform, social media can most potently shape the influence factors of social context and information cues to which leaders are exposed when using platforms, be it LinkedIn, Instagram or YouTube.

Social Context – Visibility

Social media fundamentally change the *social context* of a leader’s sensemaking process by transforming how leaders and audiences interact. Social platforms are increasingly enabling constant visibility, allowing immediate feedback and turning into sites of direct, unmediated audience-leader communication. Consequently, they are changing how audiences perceive leaders, but also how leaders perceive themselves. This shift risks fostering increasingly performative leadership, focusing on how decisions or actions are perceived in the short term instead of what they can accomplish in the long run.

For one, social media are collapsing the public-private boundary as leadership figures become more visible and recognizable in the public sphere. It is nearly impossible to imagine Franklin D. Roosevelt’s efforts to conceal his paralysis being successful today. Contemporary leaders face unprecedented professional visibility, but also an increasingly thin boundary between their public and private lives. The incident with the Astronomer CEO illustrates how quickly social media can create professional consequences from private behavior: Footage from a Coldplay concert, showing the CEO embracing a high-ranking employee, went viral and turned into a public narrative about his conduct and judgement. Within three days of the video being uploaded, the CEO resigned. This example serves to illustrate that leaders are under constant scrutiny on social media. Their successes often receive little media attention given that negative information drives more online engagement (negativity bias),[37] which can give rise to a one-sided impression of leadership.

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[35] See e.g. Jensen, Amber, Kira Schrödel and Charlotte Freihse. Demokratie im Feed? Wie Algorithmen politische Wirklichkeit formen. Policy Brief. Gütersloh: Bertelsmann Stiftung, 2025.

[36] Biswas, Anuj and Shinki Pandey. Role of Social Media Marketing in Driving Online Sales Growth. In: Journal of Marketing & Social Research, Vol. 3, No. 2 (Feb. 2026), pp. 30–38.

[37] Rozin, Paul and Edward Royzman. Negativity Bias, Negativity Dominance, and Contagion. In: Personality and Social Psychology Review. 5/2001, pp. 296–320.

Through constant and instant feedback focusing on a leader's weaknesses and missteps, the leader's authority and reputation could successively be undermined.[38]

The collapse of the public-private boundary is a symptom of the power of viral public narratives to act as feedback mechanisms and thereby influence a leader's decision-making, legitimacy or even job security. As exemplified by the Astronomer case, public pressure exerted and accelerated by social media can affect a leader professionally, be it in business, politics or the arts. Executives under such pressure may feel the need to act quickly on complex problems, despite such problems requiring time for reflection, increasing the likelihood of errors. Leaders may be incentivized, for instance, to divert more energy into managing the public narrative and anticipating potential online reactions when making decisions. As leaders become increasingly aware that any action may be publicly documented and rapidly reframed, their decision-making risks becoming more cautious, reactive and performative; the interference of the *social context* of social media platforms starts becoming more pronounced in the sensemaking process. Such influence on sensemaking may become problematic when decision-making is evaluated less by its long-term consequences than by the public reception. Political campaigns show symptoms of this dynamic, as difficult but necessary issues such as pension and healthcare reforms are often displaced by emotionally charged topics that promise short-term electoral gains. Focusing on public perception and feedback risks making leadership more performative as it becomes more visible.

Information Cues – Echo-Chambers

Despite initial hopes around democratizing information and establishing a new public sphere, social media have been shown to play a consistent and significant role in increasing polarization,[39] creating echo-chambers of like-minded content that reinforce narratives,[40] disseminating fake news and eroding institutional trust.[41] A research team at Facebook itself documented its platform's capacity to influence perception in 2014:

> "(…) emotional states can be transferred to others via emotional contagion, leading people to experience the same emotions without their awareness."[42]

It is necessary to assume that such influence on perception can extend to any individual who actively engages in the consumption of information via social media, including those in leadership positions.

In particular, the tendency of social media feeds to be tailored to consumers' interests, thereby creating an echo-chamber mirroring their narratives and beliefs, can disrupt a leader's objectivity

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38 Habich, Jörg. Zukunft gestalten: Zur Rolle von Führungskräften in der KI-Transformation. In: ULA-Nachrichten, forthcoming.

39 Kubin, Emily and Christian von Sikorski. The Role of (Social) Media in Political Polarization: A Systematic Review. In: Annals of the International Communication Association, Vol. 45, No. 3 (Sept. 2021), pp. 188–206.

40 Cinelli, Matteo, Gianmarco De Francisci Morales, Alessandro Galeazzi, Walter Quattrociocchi and Michele Starnini. The Echo Chamber Effect on Social Media. In: Proceedings of the National Academy of Sciences of the United States of America, Vol. 118, No. 9 (2021), pp. 1–8.

41 Lorenz-Spreen, Philipp, Lisa Oswald, Stephan Lewandowsky and Ralph Hertwig. A Systematic Review of Worldwide Causal and Correlational Evidence on Digital Media and Democracy. In: Nature Human Behaviour, Vol. 7 (2023), pp. 74–101.

42 Kramer, Adam D. I., Jamie E. Guillory and Jeffrey T. Hancock. Experimental Evidence of Massive-Scale Emotional Contagion Through Social Networks. In: Proceedings of the National Academy of Sciences of the United States of America, Vol. 111, No. 24 (2014), pp. 8788–8790, p. 8788.

in the decision-making process.[43] Repeated exposure to issues, interpretations or events increases the likelihood that they will be perceived as salient and recalled during decision-making. The information to which leaders are exposed therefore conditions what they notice, what they consider relevant and what they subsequently communicate to others. By influencing this informational environment, social media can interfere with leaders' sensemaking and potentially reduce the quality of their decisions. Echo chambers may reinforce leaders' established narratives and beliefs while limiting their exposure to challenging or alternative perspectives. In this way, social media risk undermining objectivity by making a partial and selective information environment appear representative of reality.

2. Artificial Intelligence

Within the process of sensemaking, leaders depend on information cues to interpret and select which information requires attention. As the quantity of available information increases, artificial intelligence is likely to become increasingly important in the selection process by rapidly analyzing large datasets, identifying patterns or summarizing documents, among other activities. As such, AI will increasingly take over a selective role between information and leaders.

Information Cues – AI as a Mediator

Leaders are increasingly expected to respond to developments quickly, while the amount of information available to inform their decisions continues to grow. This creates a tension between comprehensiveness and speed: Leaders must process more information while being given less time to interpret it. AI can reduce this pressure by processing large volumes of data more rapidly than human decision-makers and by presenting information in a more accessible form. Recent research indicates that the use of AI can enhance decision-making speed[44] and create additional space for creative, strategic and interpersonal aspects of leadership.[45]

However, AI does not organize information neutrally. By determining which sources to include, which patterns to emphasize and which details to omit, AI systems influence what leaders perceive as salient and decision-relevant. Leaders may consequently base their interpretations on an account largely shaped by an AI model's assumptions, training data and selection criteria. The legal profession illustrates the possible implications of this development. Tasks traditionally performed by young associates, such as reviewing case law, comparing documents and preparing summaries, can increasingly be supported or replaced by AI. The sensemaking process of lawyers may therefore come to rely on summaries that reflect what an AI system has identified as important. Moreover, the more legal content is produced by AI, the more AI-generated content is used to train the next model. While using AI likely dramatically improves efficiency, it also means that legal judgements are shaped by information filtered and presented by a model built around self-reinforcing assumptions.

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[43] Taboroši, Srđana, Aleksandra Kovačević and Biljana Maljugić. The Role of Social Media in the Decision-Making Process. In: Proceedings of the XII International Symposium Engineering Management and Competitiveness 2022 (EMC 2022). Zrenjanin, Serbia, June 17–18, 2022, pp. 187–191.

[44] Guthrie, Cameron H., Samuel Fosso-Wamba, Macie M. Queiroz and Helen Cai. The Impact of Artificial Intelligence Capabilities on Decision-Making Performance: A Longitudinal Study. In: Journal of Global Information Management, Vol. 33, No. 1 (2025), pp. 1–27.

[45] Busold, Johannes, Janna Ehrlich, Ingrid Feinstein and Jörg Habich. Führung mit Künstlicher Intelligenz: Was Führungskräfte heute über KI denken – und was das für die Führung von morgen bedeutet. Policy Brief. Gütersloh: Liz Mohn Stiftung, Sept. 2025.

Moreover, AI can expand the capacity of organizations to observe, measure and evaluate employees and organizational processes. Such systems may provide leaders with continuous cues concerning productivity, performance, communication or behavior. Although these cues can support coordination and identify emerging problems, they can also encourage surveillance and control. The availability of increasingly detailed information does not necessarily improve understanding; it may instead direct leaders' attention toward what is easily captured by technological systems while obscuring less measurable aspects of organizational life.

Ultimately, leadership is likely to include AI systems in one form or another. Leaders must be aware of the risks of using AI, especially as it relates to sensemaking and decision-making. As the reliance on AI-generated cues grows, leaders remain accountable for the decisions they make. However, the informational basis of those decisions may increasingly be produced by systems whose selection processes can significantly influence the nature of the decision. Leaders must remain careful when determining which systems to use, which sources to draw upon and where human interpretation and judgement must remain decisive.

VII Recommendations

Drawing on Luhmann, leadership can be understood as a linchpin connecting external and internal information in an operationally closed system. Leaders selectively reduce complexity via the processes of sensemaking and sensegiving, whereby leaders form the basis for coordinated action. By selecting and interpreting complex information and translating it into meaningful narratives, leaders enable organizations to identify and act upon organizationally relevant information. The interpretative process of sensegiving, however, does not occur in a vacuum and is susceptible to several influence factors, notably social context and information cues, which can significantly affect decision-making. What leaders notice, how they interpret it and which conclusions they draw are significantly shaped by the information they are exposed to. Because their sensemaking process has a consequential influence over the functioning and structure of organizations or institutions, leaders must remain conscious of the factors influencing their judgement.

Two factors being radically shaped by contemporary technological disruptions and the increasing integration of information technologies such as social media and artificial intelligence are *social context* and *information cues.* While social media can connect leaders with audiences, they cause them to be constantly visible, creating instant feedback mechanisms that may encourage performative leadership and reactionary decision-making. Moreover, the algorithmic nature of social media bears the risk of exposing leaders to echo chambers that reinforce existing assumptions in the sensemaking process. Artificial intelligence, on the other hand, can reduce pressure by processing large quantities of information, accelerating data analysis and creating space for strategic and interpersonal work. At the same time, its output is prone to reflect built-in assumptions and selection criteria. Efficiency may ultimately come at the cost of an increased dependence on technologically produced information cues, which may lead to suboptimal decisions. In both cases, information technology shapes how leaders are exposed to information, influencing how they interpret reality and potentially undermining their decision-making.

To combat such negative consequences, leaders must diversify their information sources and preserve space for human interpretation and judgement. Effective leadership will depend on the capacity to use technology without mindlessly surrendering interpretative capabilities. In an increasingly turbulent and mediated world, leadership requires the ability to make sense of

complexity while understanding the systems through which that complexity is represented. Possible first steps to protect the sensemaking process could take the following forms:

Create a varied information routine for leaders. This is necessary for both digital as well as personal information sources. Combine personalized digital feeds with periodic input from different departments, external specialists, frontline staff and non-personalized information sources to reduce echo-chamber effects. However, leaders must remain exposed to personal exchange and thus gain a feeling for real emotions and sentiments.

Pilot AI tools before organization-wide adoption. Test new systems in a limited team or process and review their effects on decision-making speed, accuracy, overlooked information and user experience after a defined period. Above all, scrutinize the potential value AI applications and tools may bring to a process. Strive for excellence in all areas that AI cannot (yet) optimize.

Add source labels to AI-generated outputs. Require internal AI tools to show which documents, datasets or inputs informed a summary so leaders can quickly assess its basis. Moreover, information briefings should identify uncertain assumptions, excluded perspectives and information that technology may not capture.

Treat social-media activity as an early signal, not conclusive evidence. Before responding to online reactions, compare them with representative surveys, customer data, operational indicators or stakeholder consultations.

Introduce short "sensemaking pauses" into major decision-making processes. Leadership meetings could reserve ten minutes to consider an alternative interpretation, possible long-term consequences and whether immediate public pressure is distorting priorities.

Use delayed-response protocols for viral controversies. Unless immediate action is necessary, organizations should first verify facts, assess stakeholder impact and distinguish reputational pressure from substantive risk. Not everything that feels like a shitstorm is actually a crisis.

Build feedback channels outside social media. Supplement online engagement with small stakeholder panels, employee forums, customer interviews or community consultations that provide more contextual input.

However, it is also important to consider these fundamental aspects of leadership when navigating turbulent times:

Distinguish leadership from management in leadership development. Select and train leaders not only in planning, organizing and controlling but also in creating vision, interpreting uncertainty, aligning people and enabling change, as these functions become increasingly important in turbulent environments.

Encourage aspiring leaders to take responsibility. Young leaders are often deterred by the burden of public scrutiny, the loss of privacy and the intensity of the emotions they are confronted with when making decisions and taking responsibility. Current leaders need to embolden aspiring leaders by stressing the rewards, such as being able to solve problems, make lives better and improve people's circumstances.

Embed ethical judgement into strategic leadership. Leaders should explicitly consider the legitimacy and societal consequences of major decisions alongside organizational objectives to maintain trust and sustainable value creation across different stakeholder groups. Encourage a sense of humility – leaders' power is on loan, not a given.

Strengthen direct leadership when uncertainty increases. During periods of disruption, leaders should rely more on personal communication, dialogue and guidance rather than assuming that formal structures, routines or incentives alone will provide sufficient coordination.

Develop adaptive rather than standardized leadership capabilities. Leadership development programs should prepare leaders to adjust their style to different contexts instead of promoting universal leadership models, reflecting insights from contingency and situational leadership theories.

Select and develop leaders for learning agility rather than charisma alone. Recruitment and succession processes should emphasize analytical thinking, adaptability, integrity and collaborative capabilities instead of relying primarily on confidence, authority or personal charisma as indicators of leadership potential.

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The Paradox of Stability in an Age of Increasing Turbulence

Andreas Pinkwart

Over the past two decades, leaders have become accustomed to living in a world that appears increasingly unpredictable and turbulent, one that has been named the VUCA world. Artificial intelligence, geopolitical conflicts, pandemics, climate-related events, cyber threats, demographic shifts and rapidly evolving customer expectations create an impression of almost permanent turbulence. Ever-shorter innovation cycles and half-lives of knowledge challenge innovators to keep pace. News cycles reinforce this perception, making every local event immediately visible on a global scale.

Yet, viewed from a broader perspective, a different picture emerges. The global economy has demonstrated remarkable resilience. Despite repeated shocks, international trade continues, financial markets recover, technological innovation accelerates and many organizations and countries continue to grow. Rather than collapsing under pressure, the global system has repeatedly adapted. This apparent contradiction raises an important question: How can increasing turbulence coexist with remarkable systemic stability?

I Perspectives from Science

Several complementary theories help explain why disruption and stability are not mutually exclusive but may actually reinforce one another.

1. Creative Destruction

Joseph Schumpeter argued that capitalism continuously renews itself by replacing outdated technologies, products and business models with new ones.[1] Innovation inevitably destroys existing structures while simultaneously creating new opportunities. Today's disruptions therefore should not be interpreted merely as crises but as manifestations of ongoing economic renewal. The pace has accelerated, but the underlying mechanism remains unchanged.

2. Complex Adaptive Systems

Complexity science views economies and organizations as networks of countless interacting agents. Such systems, like a market economy, are inherently dynamic. Local failures, experimentation and continuous adaptation are normal features rather than signs of weakness. In fact, decentralized adaptation often enables the overall system to remain remarkably stable even while individual organizations experience profound change right up to failure and market exit.[2]

3. Resilience and Antifragility

Research on resilience, complemented by Nassim Nicholas Taleb's concept of antifragility, suggests that truly resilient systems are not those that only avoid shocks but those that learn, adapt and even improve through them.[3] Attempting to eliminate all uncertainty often produces hidden fragilities, whereas controlled variation and continuous learning strengthen long-term performance.

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1 Schumpeter, Joseph A. Capitalism, Socialism and Democracy. Harper & Brothers: New York, 1942.

2 Albach, Horst. Kampf ums Überleben: Der Ernstfall als Normalfall für Unternehmen in einer freiheitlichen Wirtschaftsordnung. In: Zeitschrift für Betriebswirtschaft, Ergänzungsheft 2/1979, 1979, pp. 9–22.

3 Taleb, Nassim Nicholas. Antifragile: Things That Gain from Disorder. Random House: New York, 2012.

4. Dynamic Capabilities

David Teece introduced the concept of dynamic capabilities, emphasizing that long-term success depends less on protecting existing assets than on continuously sensing environmental changes, seizing emerging opportunities and reconfiguring organizational capabilities.[4] Competitive advantage increasingly resides in the ability to adapt rather than in the possession of static resources.

5. The Cynefin Framework

Kurtz and Snowden's Cynefin Framework distinguishes between simple, complicated, complex and chaotic contexts.[5] In complex environments, cause-and-effect relationships only become apparent in retrospect. Consequently, leaders cannot rely solely on prediction and detailed planning. Instead, they must experiment, observe emerging patterns and adapt accordingly. This represents a fundamental shift from deterministic management toward adaptive leadership.

6. Insights from Chaos Management

Chaos management extends these ideas by recognizing that highly interconnected systems may experience periods of temporary instability, non-linearity and unexpected tipping points. Small events can trigger disproportionately large consequences, while major interventions may produce surprisingly limited effects.[6] Rather than attempting to eliminate chaos, effective organizations seek to contain its impact through distributed decision-making, rapid feedback loops, redundancy in critical functions and the ability to recover quickly when surprises inevitably occur.[7] Stability, in this perspective, emerges from continuous adaptation rather than rigid control.

II Institutional Arrangements as Stabilizers

One reason why global turbulence does not necessarily translate into systemic instability lies in the stabilizing role of institutional arrangements. Modern economies are embedded in dense networks of financial markets, international trade, legal systems, central banks, multinational corporations and intergovernmental institutions. Together, these create multiple feedback mechanisms that absorb shocks and prevent many local disruptions from escalating into systemic collapse.

Capital markets play a particularly important role. While often criticized for amplifying short-term volatility, they also continuously reallocate capital toward emerging technologies, new business models and more productive sectors. In doing so, they finance adaptation long before political institutions are able to formulate comprehensive responses.

Political systems perform a different but equally important function. Governments establish the legal, regulatory and social frameworks within markets operating by their own dynamics. During periods of crisis, public intervention can provide essential stabilization, as demonstrated during the global financial crisis and the COVID-19 pandemic.

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4 Teece, David J. Dynamic Capabilities and Strategic Management: Organizing for Innovation and Growth. Oxford University Press: Oxford, 2009.

5 Kurtz, Cynthia F. and David J. Snowden. The New Dynamics of Strategy: Sense-Making in a Complex and Complicated World. In: IBM Systems Journal, 42 (3), 2003, pp. 462–483.

6 Pinkwart, Andreas. Chaos und Unternehmenskrise. Gabler Verlag: Wiesbaden, 1992.

7 Pinkwart, Andreas. Möglichkeiten und Grenzen der Chaossteuerung in Unternehmen. In: Zeitschrift für Betriebswirtschaft, 68 (4), 1998, pp. 409–422.

At the same time, the capacity of governments to direct increasingly complex socio-economic systems should not be overstated. Highly interconnected economies are characterized by distributed decision-making, international interdependence and countless adaptive actors whose collective behavior cannot be controlled through linear policy interventions alone. This is also evident in the ultimately limited impact of isolated decisions made by the world's currently most powerful decision-makers. They, too, face (geo-)political and market realities and – sooner or later – have to adapt: "It's the economy, stupid!"(James Carville, 1992).

As complexity increases, public policy becomes less a mechanism of direct control and more one of creating enabling conditions, reducing systemic risks and strengthening institutional resilience. The consequence is an important shift in perspective: Neither markets nor governments create stability on their own. Stability emerges through the interaction of adaptive markets, resilient institutions, international cooperation and innovative organizations. Order often emerges not from central control, but from the interplay of many decentralized actors, feedback loops and shared rules.[8]

III Implications for Leadership

The role of leadership is not to eliminate complexity but to help organizations navigate it more intelligently. The new source of stability is adaptive and innovative capacity. Stability is not designed. It is an emergent property of adaptive systems.

If disruption is becoming a permanent feature of the business environment, leadership itself must evolve. The traditional objective of creating certainty through better planning becomes increasingly unrealistic. Instead, leaders need to build organizations capable of remaining effective under conditions of persistent uncertainty.

Against this background, the following principles are suggested for leaders:

First, organizations require stable purpose but flexible execution. Strategic intent should remain clear, while operational pathways must remain adaptable as circumstances change.

Second, leaders should manage portfolios of options rather than fixed plans. Maintaining strategic flexibility, experimenting with emerging technologies and investing in future capabilities create valuable room for maneuver when conditions shift unexpectedly.

Third, resilience should be understood as a strategic capability rather than an operational afterthought. A carefully balanced mixture of redundancy and flexibility in talent, infrastructure, supply networks and organizational knowledge often provides greater long-term value than maximizing short-term efficiency alone.[9]

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[8] Luhmann, Niklas. Die Wirtschaft der Gesellschaft als autopoietisches System. In: Zeitschrift für Soziologie, 13 (4), 1984, pp. 308–327.

[9] Pinkwart, Andreas, Gideon Schingen, Anna-Tina Pannes and Dirk Schlotböller. Improving Resilience in Times of Multiple Crisis: Commentary from a German Economic Policy Point of View. In: Schmalenbach Journal of Business Research, 74 (4), 2022, pp. 763–786.

Fourth, leadership should become increasingly decentralized. In complex environments, valuable information is distributed throughout the organization. Empowering teams to make informed local decisions improves both responsiveness and organizational learning.

Finally, organizations must institutionalize continuous learning. Frequent experimentation, organizational ambidexterity, balancing exploitation and exploration, rapid feedback, scenario thinking and reflective practice enable organizations to adapt before disruption escalates into crisis.

IV Conclusion

The central leadership challenge is no longer how to prevent disruption. Disruption has become a structural characteristic of modern economic systems. The more important question is how organizations can remain reliable, innovative and resilient while operating within continuous uncertainty.

The paradox of our time is that growing turbulence does not necessarily signal systemic instability. Quite the opposite: Healthy complex systems with strong institutional arrangements and responsible decision makers often remain stable precisely because they continuously innovate and adapt. Stability is therefore no longer the absence of change; it is the organizational capability to absorb, learn from and evolve through the “management of permanent change.”[10]

For leaders, this implies a profound shift in mindset. Success increasingly depends not on predicting the future with greater precision, but on building organizations that are capable of thriving regardless of which future unfolds. Leadership in uncertain times is often described as the courage to decide. In this context it should be added: It is the courage to accept shared responsibility – and to act before a crisis makes the decisions for us.

[10] Albach, Horst, Heribert Meffert, Andreas Pinkwart and Ralf Reichwald. Management of Permanent Change. Springer Gabler: Wiesbaden, 2015.

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Leadership in the Age of Permanent Visibility

Elizabeth Linder

Of the 60 sovereign nations in which I've trained national government leaders, it is perhaps Moldova in 2013 that has stuck with me the most. Nearly 15 years later, and every detail of that trip is a vivid memory.

At my hotel each morning, a custodian would change and carefully vacuum the carpet in the elevator to match the day of the week. Monday, Tuesday, Wednesday, Thursday, Friday. Weekly team meetings for the E-Government division were held in the corridor of the austere building in which the division was housed to reinforce a core tenant of the team's work: transparency. One afternoon, my hosts – knowing that I am a Californian with ties to the Napa Valley – drove me to one of Moldova's storied wineries for a tour and a tasting. I remember the velvet ropes that separated the special seating area for dignitaries to take "handshake photos" – a cherished pastime in the world of diplomacy, and yet a formality I had never seen in a winery setting. I remember our carefully laid out lunch as we sniffed, swirled and appreciated Moldova's soft-power finest. And I remember my host afterwards asking if I had a good time, and beaming at my response. "We don't have too many places like this to be proud of here," she said, as she looked out with reverence over the sweeping vineyard view. "I'm so glad you liked it."

But it wasn't just the carefully-laid-out carpets or the conference table in the corridor or the indigenous grapes that gave me a moment to pause on that trip. It was that I had finally met a small collection of national political leaders leading the charge for democracy who were actually realizing the full potential of what was then a new form of communicating with their constituents: social media.

During one meeting with a senior-ranking politician, I was greeted warmly and then waited quietly while she carefully got out her iPad and navigated to her Facebook page. It wasn't her official presence on Facebook that she wanted to show me. It was the comments. "Look at how people respond to my posts!" she said with pride. "I especially like to see that sometimes people come to *my* Facebook page to disagree with *my* policies. That shows how far our country has come. The people here know that they can openly disagree with someone in a position of authority. We haven't always been able to do that in Moldova." She smiled as she said it, and I'll never forget that smile. It was as though the blue-hued glow emanating from the Facebook page on her iPad filled her with genuine pride of people and of country and of the ability for a communications tool to so beautifully illustrate a point that was near to her heart as a policymaker. It made me proud, too.

This was October 2013, and the post-Arab Spring promise of social media was at its zenith. For a Californian who had been sent out to London to build the Politics & Government division for the Europe, Middle East & Africa region, I never would have imagined that it would be in Moldova of all places that a policymaker would understand the real opportunity to rewrite the rules of communications with constituents more meaningfully than the majority of policymakers and national government leaders in my vast portfolio.

After all, social media had given *every* politician in every country connected to the Internet the opportunity to see it as a constructive tool for authentic interactions directly with their constituents. And yet it took a politician in Chișinău to articulate the desire for a very direct relationship with her constituents as a stated goal. At the time, I was much more accustomed to politicians focusing their

time with me – the company's "Secretary of State" – on Facebook communications as a challenge to be dealt with: trying to mold social media communications into a box that would neatly stack alongside the work of a well-trained and professional communications department, alongside radio, print, pamphlet, speech-giving and TV strategy. These meetings tended to revolve around how the *team* needed to train themselves up to use social media because everyone was doing it. Facebook was "cool" and necessary owing to everything politicians were reading about from the streets of Cairo and Tripoli.

The fundamental truth these policymakers missed is that the magic of the medium was not to read, on social media, the talking points drafted by a communications team for an interview with a journalist. The magic of the medium was to connect directly with anyone – everyone – in a very real, human-to-human way. From my experiences at the dawn of the social media era, first at YouTube's headquarters in San Bruno (post-Google acquisition) to Facebook's headquarters in Palo Alto, we saw so clearly that these platforms were not replacing polish and professionalism. YouTube didn't initially explode as a medium of communications so that people could watch a BBC-produced documentary. It exploded because people could see a bunch of guys in suits dancing on a treadmill. And that was fun. A random skill, sure, but compelling. It was mesmerizing to see what amateur dancers could get up to.

Social media didn't take off because people could go on Facebook to replace what they were reading in the *Economist* or the *Atlantic Monthly.* They went on Facebook to see photos of their friend's new dog and updates about their roommate's vacation to Hawaii.

This same principle – in its era – also applied to the world of politics and policymaking. In fact, when my team looked at the numbers, we calculated that people liked long-form content from their political leaders. The longer the post, the better it would perform. Because people wanted to hear what their leaders actually had to say – directly to them. They weren't there for the PR. They were there for the person. Time and again, the biggest Internet sensations have come out of the blue, and this is why. It was for the very "real" moments that haven't necessarily been scripted: the famous "Ed Balls Day" when British politician Ed Balls inadvertently typed his own name as his Twitter status and posted it. Or the lawyer who haplessly tried to remove a cat filter while joining a zoom presided by a judge in the Covid era. Or most recently, Norwegian football star Erling Haaland having fun and joining in on jokes with his fans. The Internet rewards exactly the opposite of a highly successful, multi-million-dollar-budget Hollywood movie. It rewards the people we really are versus what acting and cinematography and lighting can produce on stage. People will reward both experiences with time and with money, but they are fundamentally different environments. Often, these "real" moments air on the side of fun, funny or downright silly. But in the world of politics, it wasn't the fun that people craved: It was the real. And herein lies the missed opportunity for the vast majority of policymakers.

As I've discussed in previous paragraphs, during the first decade and a half of the 21st century, the prevailing narrative from heads of state and royal households alike was taking the "default settings" of political communications onto these new channels. This was true not only in more traditional political environments, but also in what was considered at the time more modern ones. We can take as an example President Obama, who was widely lauded internationally as a "social media" leader. Barack Obama is a gifted communicator. He was and is one of the strongest orators the US's highest office has seen.

Yet crucially, throughout his entire presidency, Barack Obama did not entirely reframe the way the leaders and the led communicate – which of course was what the public in these early days of our social media era started to crave by the mid-2010s – especially in America, birthplace of the medium. The campaign in 2008 and then again in 2012 effectively used social media tools to target voters, raise campaign donations and build momentum around “Hope” and “Change.” At YouTube and then Facebook HQ at the time, we were direct witnesses to the Obama team harnessing social media to amplify “Yes we can” like a steam engine taking off on an electoral journey. It was a wonderful campaign performance. The Hope and Change campaign was flawlessly executed.

But as the rise of the iPhone propelled social media into the mainstream, the communications strategies outside of campaigning itself of most middle-of-the-road politicians remained largely unchanged. By then, I was running the Politics & Government division for the Europe, Middle East & Africa region. Politicians from the halls of the European Parliament to the African Union all had the same question: “How do we use social media like Obama?” I never knew how to answer that question diplomatically. Of course, I didn’t want to pop the Obama bubble – especially when his campaign had been so successful in its adoption of these new tools of communication for the election. But in reality, President Obama *wasn’t* using Facebook to directly represent his voice in the way that social media made possible.

The Obama case study aside, I often found the tendency of politicians to miss the opportunity social media was giving them – to communicate directly with people without a lens, filter or perspective applied by traditional journalism – frustrating. Here was a medium where without pressures of time or leading questions from journalists, an individual leader could just … talk to the people. For the first time in history, a technology had been created to bring direct perspectives at scale to a leader’s toolkit, without the limits of time and space.

Which brings me back to Moldova. Workshop after workshop on social media communications, from Copenhagen to Cairo, I would answer the proverbial “How do we do it like Obama?” question with, “Allow me to show you an example from Moldova.” Millions of people were turning to social media to get real-time information or to hear directly from those they followed for updates about their decisions (in the case of policymakers) or about their lives (in the case of celebrities or friends). And yet the world of policymaking was still repurposing talking points.

The bridge here is too obvious not to cross, and so cross it we shall. Much to the chagrin of many a social media specialist, the post-Arab Spring social media territory was wide open for a presidential candidate for America’s highest office to use social media to speak directly to people regularly, often and at scale. To own the narrative as truly the nation’s first president who actually used social media as the primary channel of communication. I invite readers at this stage to sigh. This might be an appropriate time to pause for a cup of tea or a dash of something stronger.

Did Donald Trump walk onto the social media stage and actually use the tools himself to speak directly to people in his own voice, not limited by the constraints of broadcast interviews or questions by journalists? Yes, absolutely. Will history books record Barack Obama as the first president to run a social media campaign, but Donald Trump as the first president to use the technology as his primary mode of communication himself? Yes, without a doubt. Is it frustrating beyond the pale that channels of communication that provide so much opportunity to set a leading example have been used to so relentlessly to spew appalling language and fail to set an example for graceful leadership and considered diplomacy? Yes, of course.

But here's a positive perspective lest your chosen brew has gone down a bit too quickly in the previous paragraph. The reason we so intrinsically link a negative view of leadership in America on social media to the highest levels of political office is because the first occupant of the Oval Office to embrace social media platforms has a communications style which would be more appropriate on a construction site in a New York borough than at a family's dining-room table. Social media platforms reward authenticity. And one of today's most visible social media communicators is authentic to his style. Which is why it works. Alas.

But what's happened in the wake of Trumpism on social media is a greater collection of high-profile leaders giving authenticity on social media a go – and the results are nothing short of inspiring. Back in my home state of California, Mayor Daniel Lurie has taken San Francisco by storm with his daily Instagram videos. Through his iconic selfie-style videos, we are constantly "in the arena" with Mayor Lurie, seeing for ourselves how he's prioritizing the programs he's focused on, who he's meeting with, and what he's observing. Mayor Lurie uses positive-toned vocabulary in his daily videos. Usually in a suit and tie, he is earnest and sincere. Each video ends with "Let's Go, San Francisco." He's kind to his guests and listens with intent. His approval rating for turning San Francisco around is above 70%. The dynamics in the city are changing, and for the better.

The instructive point here is that when it comes to leaders using social media to communicate in an era of permanent visibility, I reject the oft-cited thesis that brashness trumps graciousness if you want to be popular online. Rather, through a very unfortunate turn of history, one of the first blockbuster politicians to deploy social media by his own hands happens to have a certain style of communicating – whether offline or online – and this popularity we assume has worked because of his style. Based on my experiences from working at the heart of social media communications for the past 20 years, I don't think that's the case. The fact of the matter is that Donald Trump is just simply the first of his kind to have so personally embraced the medium.

When we look a little deeper, we see the sky-rocketing popularity of role models emerging from this current moment in our social media era, not least of which has been this summer's World Cup. The positive energy from the streets of Boston to the fields of Kansas has taken the world by storm. The reality is that in social media communications, it's authenticity that sells, and in order to work that authenticity must be true to the individual: Social media can be harnessed to spread enormous kindness as well as ignorance and hate.

As societies, what we need in this age of permanent visibility are leaders who are less focused on turning social media into a strategy, and more willing to just talk to us in their own voices. The broadcast news era polished communications strategies to a breaking point: A whole cottage industry sprouted around talking points that don't mean anything, practiced gestures that are all-too-rehearsed, and shorter and shorter media segments that don't give the interviewee in question the opportunity to actually just talk or have a conversation with a journalist.

For political leaders, the great promise of social media was always unlimited time and space to tell us what they think; to let us in under the tent; to share with authenticity what they are considering when they make decisions. Western democratic leaders were quite slow to realize that social media gave them the biggest break of all: their own stage without a producer or an artistic director or a choreographer or a "communications professional" to tell them what to do and how to gesture and what to say. It's as though the broadcast lights suddenly switched off and they were invited to welcome people into their own, personal spheres, and yet they froze in their own skin, paralyzed by training and practice and unwilling to fire up the BBQ and offer a seat at the table. Decades of

training politicians to handle the bright lights of the big stage caught our leaders off-guard when they were just supposed to talk to us as they talk to their neighbors.

Donald Trump speaks to us as a neighbor from Queens, New York. Personally, I'd rather not be spoken to that way. And this summer has shown that I'm not the only one. Hundreds of thousands of people from all over the world have turned this very social media-first World Cup into a celebration of neighborly wonder. The Summer of 2026 might be remembered as the summer when we collectively realized that we had negatively charged a medium of communications owing to its earliest adopters. We want something better, and we can all do better to achieve that world.

Fortunately for us, early adopters write chapters, but they don't finish the book. In the arc of social media communications from its inception nearly 20 years ago to today, I can say with no small modicum of authority that it took too long for the first major global political leader to give authentic communications on social media the old college try.

Until then, my masterclasses on harnessing social media for politicians always began with a small dot on the map, sandwiched between Ukraine and Romania, where a little-known handful of Eurocentric Moldovan politicians saw the power in a medium that would take some of the world's most powerful democracies all too long to learn.

Leadership and the Role of Power in the Geoeconomic Turning Point

Thieß Petersen

I Challenge

Since the end of World War II, we have lived in a rules-based global economy in which countries have pursued the goal of increasing the prosperity of their citizens. In recent years, however, more and more countries – especially autocratic states – have been using their foreign economic policies to strengthen their own geopolitical positions. The goal is to gain greater influence over political decisions in other countries.

Such countries exert pressure, especially economic pressure, on foreign states. The tools they use include sanctions, tariffs, export bans and other economic levers. This leads to less prosperity for their own people, but it's a price the countries are willing to pay to pursue their geopolitical goals.

The West's democratic market economies therefore face the question of how they should respond to these changing conditions on the global stage. Europe must consider how it can successfully pursue its interests in an increasingly power-based world order, and how it can resolve global problems in a manner consistent with European values.

II Geopolitics and Geoeconomics – How Are They Related?

After the end of World War II, there was a noticeable surge in globalization. Around the world, tariffs and other trade barriers were drastically reduced. Countries harnessed the benefits of the international division of labor to generate more prosperity for their citizens. Globalization was viewed as a positive-sum game in which all participating economies increase their economic well-being.

In recent years, however, there has been a shift away from this prosperity-maximizing view of international economic relations. More and more countries are using their foreign economic policies to advance their political interests in other regions. The global economy is increasingly being shaped by the concepts of geopolitics, geostrategy and geoeconomics:

- In a broader sense, geopolitics means that countries strive to gain influence over – or even control of – other regions of the world.[1] The concept of geopolitics is more focused on conflicts and rivalry and can ultimately include military or war-related activities.[2]

- Closely linked to geopolitics is the concept of geostrategy. This refers to a state's goal-oriented foreign policy, through which it seeks to advance its interests abroad.[3] This means that the state is prepared to make targeted use of its economic strength, as well as its trade and financial ties, to advance its geopolitical objectives.[4]

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3 Austrian Parliament. Dossier EU/Internationales zum Thema Geopolitik. Vienna, 2024, p. 4.

4 Mohr, Cathrin and Christoph Trebesch. Geoeconomics. Kiel Working Paper No. 2279. Kiel, 2025, p. 4.

- Geoeconomics concerns the relationship between economic factors and geopolitics.[5] At its core, the concept involves a country using its economic power to advance its geopolitical interests. Two interrelated factors must be considered here. First, a country's economic strength is a prerequisite for the success of its geopolitical activities. Second, successfully exerting influence in other regions of the world can have positive repercussions for domestic economic development. The first context is of central importance to geoeconomic phenomena – that is, a country's use of its domestic economic strength to pursue its geostrategy. This includes economic policy instruments that deliberately weaken another country's economic power, such as tariffs, sanctions and export restrictions.[6]

Geoeconomics thus combines economic instruments – above all, the tools of international trade – with the logic of conflict.[7] This also means that, as state action takes on a stronger geoeconomic perspective, the rules-based global economic order founded on worldwide cooperation is increasingly being replaced by a power-based economic order. A world of cooperation is thus morphing into a world of conflict.[8] This includes the concept of "weaponized interdependence," which means that countries use their economic strength – such as natural resources or product components that are difficult to replace – to exert political pressure on other economies.[9]

When a rules-based world order gives way to a power-based world order, this also means that power becomes the decisive factor in advancing one's own interests.

III Leadership and Power

In a rules-based global order – especially in a rules-based global economic order – power does not play a dominant role. In the "ideal" model used by economists, the factor of power is even ignored completely. A key element of perfect competition is that no economic actor possesses any form of power.

In a power-based order, things look different. In a world order characterized by greater conflict, the goal is to assert one's own interests against the interests of others. Drawing on Max Weber, power means that a person has the ability to impose their own will, despite what others might want.[10] Power thus represents the ability to influence another person's decision in such a way that the other person makes a decision they would not have made had the person with power not existed.

The importance of power is even greater when it comes to assuming leadership on the international level. In a corporate context, the term "leadership" is traditionally associated with a form of guidance or influence aimed at aligning people and their work with a corporate goal. Power is needed to

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5 Austrian Parliament. Dossier EU/Internationales zum Thema Geopolitik. Vienna, 2024, p. 4; Mohr, Cathrin and Christoph Trebesch. Geoeconomics. Kiel Working Paper No. 2279. Kiel, 2025, p. 4.

6 Görg, Holger and Katrin Kamin. Globalisierung trifft Geoökonomie. In: Wirtschaftsdienst, Vol. 101 (2021), pp. 854–857, here: p. 854.

7 Babić, Milan. Geoökonomie – Anatomie der neuen Weltordnung. Berlin, 2025, p. 14.

8 Münkler, Herfried. Welt in Aufruhr – Die Ordnung der Mächte im 21. Jahrhundert, 13. Auflage. Berlin, 2025, p. 27.

9 Farrell, Henry and Abraham L. Newman. Weaponized Interdependence – How Global Economic Networks Shape State Coercion. In: International Security, Vol. 44 (2019), pp. 42–79.

10 Koller, Peter. Facetten der Macht. In: Analyse & Kritik, Vol. 13 (1991), pp. 107–133, here: p. 119.

influence behavior in the desired direction. In the business world, the necessary power is primarily linked to mechanisms of punishment and reward, which are used to influence employee behavior.[11]

In the international context, leadership primarily emanates from governments. To influence global developments in the desired direction, governments therefore need some form of power base. In the international context, this primarily involves a country's economic power, as it serves as the foundation for political and military power. Two dimensions must be taken into account here. First, a country needs significant economic strength as the basis for (geo)political power. Second, the country's government must be willing to use its economic strength to exercise geopolitical power.

IV Power in International Relations

The key indicator for measuring a country's economic strength is gross domestic product, or GDP. For international comparisons, GDP is generally not expressed in current US dollars, but in US dollars at purchasing power parity (see Box 1).

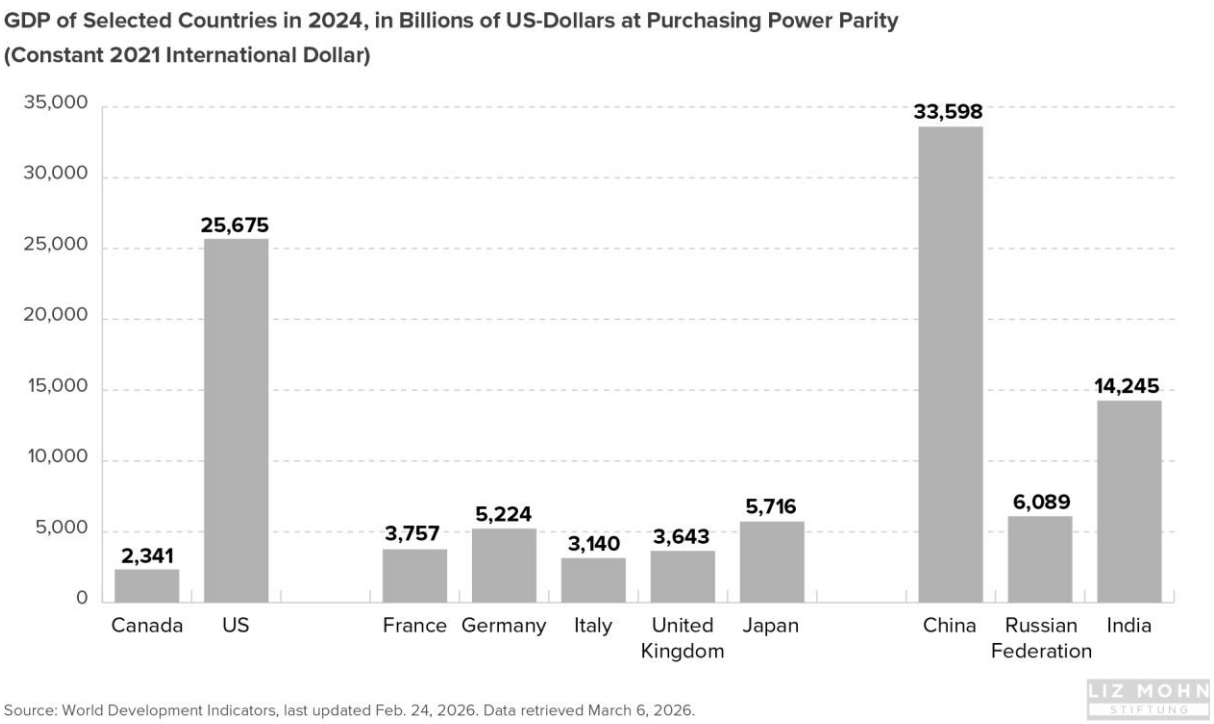
Box 1: Purchasing Power Parity

To compare the GDP levels of different countries, all GDP figures must be expressed in the same currency unit. To do this, GDP figures in national currencies are converted to US dollars using the exchange rate. If the market exchange rate is used for this purpose, it can lead to significant fluctuations over time since exchange rates are highly volatile. To avoid this, exchange rates based on purchasing power parity (PPP) can be used. This method takes into account that price levels can vary greatly from country to country. An exchange rate based on purchasing power parity is a theoretical exchange rate that ensures a specific basket of goods costs the same amount in all countries under consideration. This also means that people with a certain income can afford the same goods as those with an identical income living in a different country. Because less developed, low-income countries generally have lower prices for goods than highly developed industrialized nations, such as Germany and the United States, the GDP of low-income countries calculated in US dollars at purchasing power parity is higher than GDP calculated in US dollars unadjusted for purchasing power parity.[12]

Figure "GDP of Selected Countries in 2024 in Billions of US Dollars at Purchasing Power Parity (Constant 2021 International Dollars" shows the GDP of the seven major industrialized nations (G7 countries) as well as China, India and Russia. While the United States remains the world's largest economy in terms of GDP in current US dollars, China took over that position 10 years ago when it comes to GDP at purchasing power parity.

[11] Struck, Sabine, Nicole Böhmer and Heike Schinnenburg. Führung und Macht – Auf der Suche nach einem neuen Gleichgewicht. In: Zeitschrift für Führung und Organisation, Vol. 89 (2020), pp. 140–145, here: p. 141.

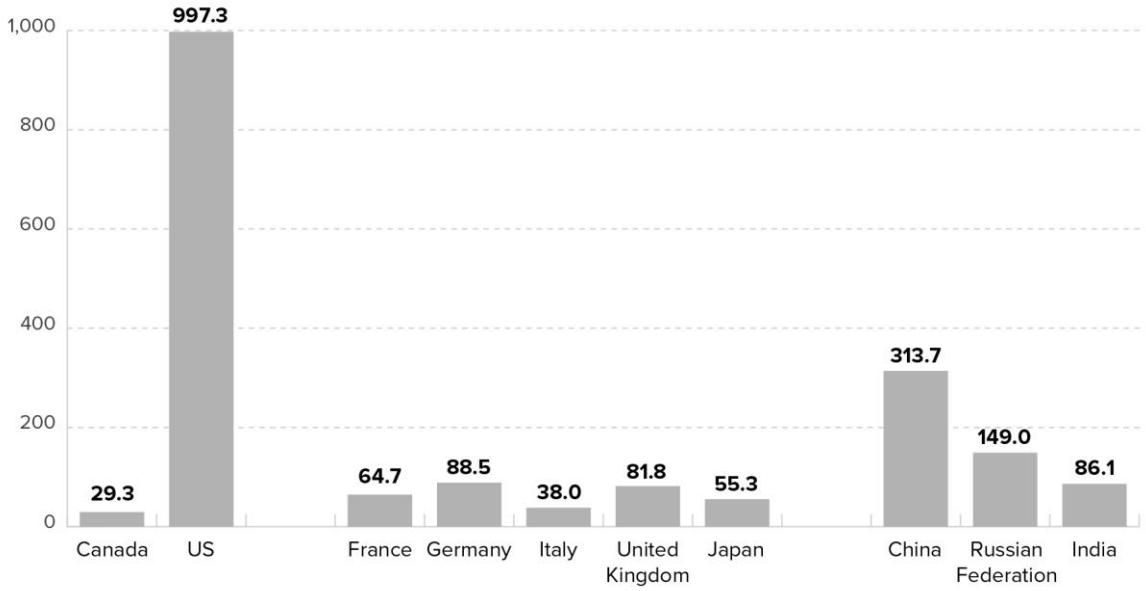
[12] Menkhoff, Lukas. Deutschlands Bedeutung in der Weltwirtschaft: Geschichte, Gegenwart und Ausblick. In: Wirtschaftsdienst, Vol. 105 (2025), pp. 529–533, here p. 530.



It is also clear that, at present, only two countries are economically strong enough to be considered influential: the United States and China. Europe's largest economy, Germany, with a GDP of $5,224 billion at purchasing power parity, has an economic output that amounts to only one-fifth of US GDP and only 15.5 percent of China's economic output. The EU as a whole, however, has an economic output which can rival that of the two major economic powers: Its GDP was $24,464 billion at purchasing power parity in 2024.

A key means of advancing one's own political interests on the global stage is a strong military. A look at the military spending of the countries listed in Figure 1 shows that, in 2024, the two countries with the highest GDP had the highest military spending in absolute terms (see Figure "Military Expenditure in Billions of US-Dollar at Current Prices and Exchange Rates"). The United States also stands out in that, relative to its GDP, it spends more on the military than the other countries, with the exception of Russia (see Figure "Military Expenditure as Percentage of GDP").

Military Expenditure in Billions of US-Dollar at Current Prices and Exchange Rates



Source: SIPRI (Stockholm International Peace Research Institute). SIPRI Military Expenditure Database. https://www.sipri.org/databases/milex, [retrieved March 5, 2026]. Note: Figures for China and Russia are SIPRI estimates.

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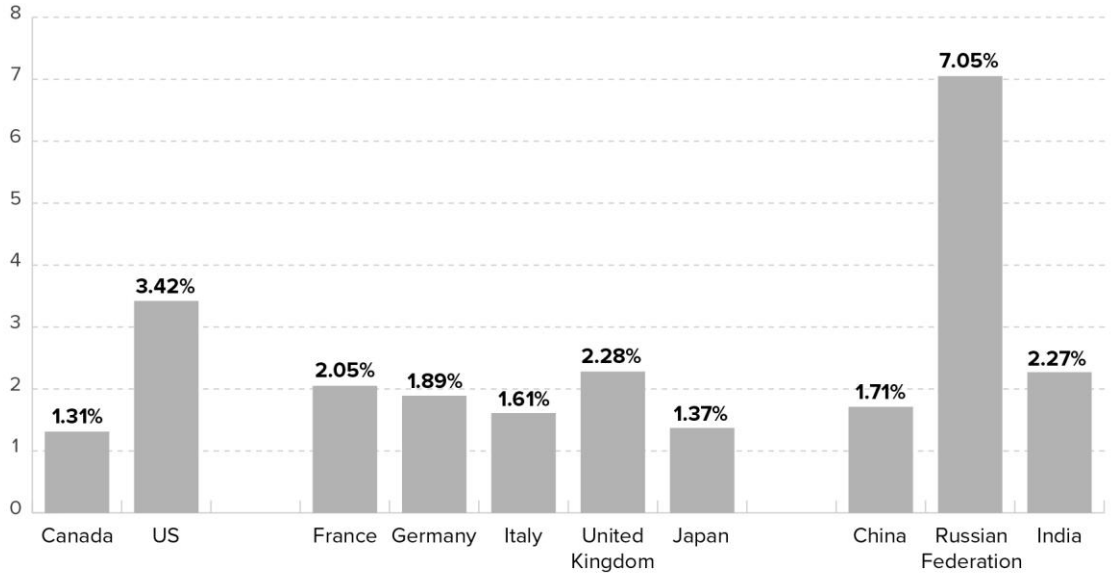
Military Expenditure as Percentage of GDP

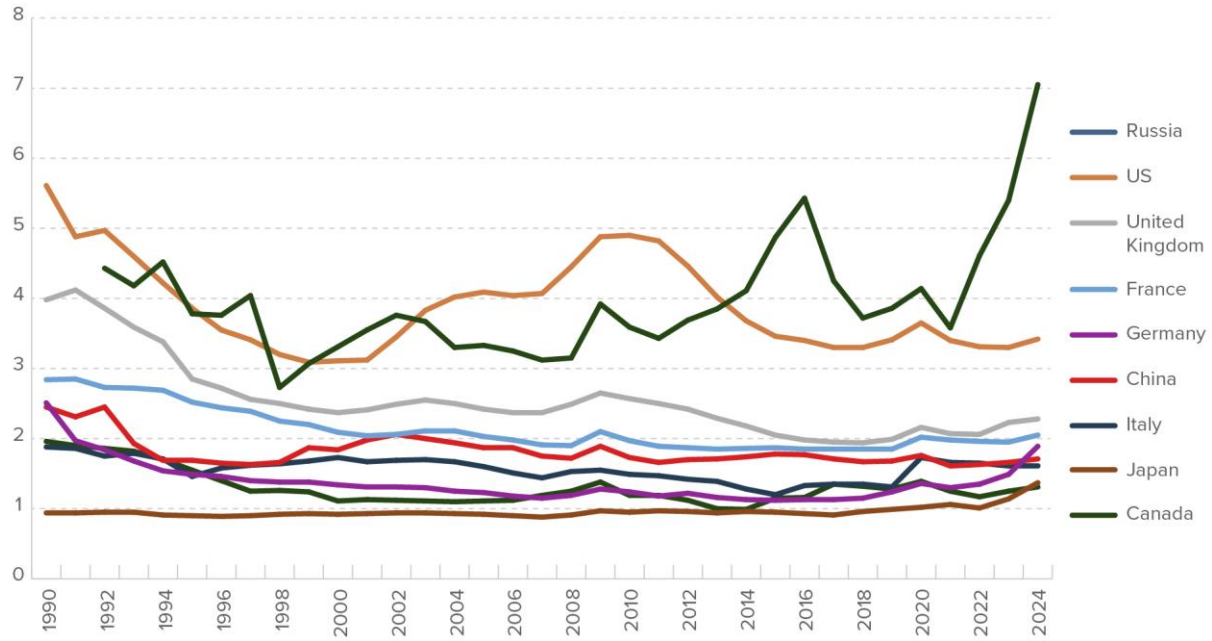


Source: SIPRI (Stockholm International Peace Research Institute). SIPRI Military Expenditure Database. https://www.sipri.org/databases/milex, [retrieved March 5, 2026]. Note: Figures for China and Russia are SIPRI estimates.

LIZ MOHN STIFTUNG

Russia's military spending in 2024 is inflated due to its war of aggression with Ukraine. However, a look at military spending as a share of GDP since 1990 shows that, during this period, Russia had the highest share among all countries considered, second only to the United States (see Figure "Military Expenditure by Selected Countries as a Percentage of GDP between 1990 and 2024").

Military Expenditure by Selected Countries as a Percentage of GDP between 1990 and 2024



Note: Figures for China and Russia are SIPRI estimates.
Source: SIPRI (Stockholm International Peace Research Institute). SIPRI Military Expenditure Database. https://www.sipri.org/databases/milex [retrieved March 5, 2026].

If the strength of a country's military is taken as an indicator of its willingness to assert its geopolitical interests internationally, Russia can be regarded as the country among those considered here that is most willing to sacrifice the prosperity of its own people in favor of asserting its geopolitical interests. At the same time, even measures designed to assert a country's interests that fall short of military action also diminish the prosperity of its people.

V Geopolitical Power Reduces Prosperity

Fundamentally, there is a conflict of objectives between a country's desire to increase the material well-being of its citizens and the desire to strengthen its geopolitical position. Measures to increase geopolitical power require the use of scarce resources. These resources are then no longer available for the production of consumer and capital goods.

This is most evident when a country increases its military strength. The production and operation of military goods tie up production facilities and labor. This limits society's overall capacity to produce consumer goods. This conflict of objectives is known as the "guns versus butter" trade-off.[13]

However, trade policy instruments designed to boost a country's economic strength or weaken that of another country also harm the country that employs these geoeconomic instruments (see Box 2). This can be seen in the examples of tariffs and sanctions.[14]

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[13] Dikici, Emre. Guns Versus Butter Tradeoff: The Theory of Defense Quality Factor. In: Journal of Economics, Business and Management, Vol. 3 (2015), pp. 704–709.

[14] Petersen, Thieß. Geoökonomie, Zölle und Sanktionen. Tübingen, 2026, Chapters 4 and 7.

Box 2: Geoeconomic Instruments

Geoeconomic instruments are economic policy measures aimed at improving a country's geopolitical position. To achieve this, a country must either strengthen its economic power or weaken that of foreign countries. The two most commonly used geoeconomic instruments are tariffs and economic sanctions. Tariffs are government-imposed duties on goods and services imported from abroad. Economic sanctions primarily include trade sanctions (import and export bans), financial sanctions (e.g. the freezing of financial assets) and technology sanctions, which deny the sanctioned country access to technological knowledge and innovations. Other economic policy measures include subsidies and industrial policy initiatives that support domestic companies; foreign exchange market interventions that influence exchange rates; capital controls and investment controls, including bans on foreign investors acquiring equity stakes in certain companies; and the conclusion of free trade agreements and partnerships in the area of raw materials. Moreover, industrial espionage, sabotage and cyberattacks can be counted as part of the geoeconomic toolkit.[15]

Tariffs: When a country imposes an import tariff on another country's products, the imported goods become more expensive in the country imposing the tariff. As a result, demand for foreign goods declines and foreign companies sell fewer products. Outside of the country, production, employment and income decline. This weakens the foreign country's economic strength and, consequently, its geopolitical position. However, negative economic developments also occur in the country that imposes the import tariff. The prices of imported goods rise. If consumer goods are imported, domestic consumers must pay higher prices. This reduces the purchasing power of their incomes. If imported raw materials or intermediate goods are subject to a tariff, the production costs of domestic firms that rely on these imports as inputs for their production also rise. Higher production costs reduce the price competitiveness of domestic firms. This limits their sales opportunities and leads to a decline in production, employment and income.

Trade sanctions in the form of export bans: Sanctions are often used to change the behavior of a foreign government. One form of sanction is an export ban, that is, a prohibition on companies in the sanctioning country from selling their products in the sanctioned country. This leads to supply shortages in the sanctioned country, which cause prices to rise. In addition, the lack of raw materials and intermediate goods can disrupt production processes. Consequently, the sanctioned country experiences a decline in GDP. The goal is to weaken the economy of the sanctioned country in the hope that the country's government will change its behavior so that it can once again purchase the desired products. As with tariffs, negative economic developments also occur in the country imposing the sanctions: Companies that previously sold their products in the sanctioned country can no longer do so. They reduce their production as a result. The restriction of economic activity in the country imposing the sanctions also leads to a decline in GDP there.

In conclusion, it must be noted that when a country strengthens its geopolitical influence, it necessarily results in reduced prosperity for the country's people. The desire to assume leadership on a global scale therefore comes at a price.

[15] Petersen, Thieß. Geoökonomie, Zölle und Sanktionen. Tübingen, 2026, Chapter 6.

VI Five Options for Europe

How, then, can Europe respond to the growing geopolitical tensions emanating primarily from autocratic countries – above all China – but increasingly also from the United States? In my view, five factors play a particularly important role.

First: These reflections on the significance of economic power for a country's geopolitical position have made it clear that only a united and economically strong Europe can assume a leadership role on the global stage. The higher Europe's GDP is, the easier it is to successfully deploy geoeconomic instruments. To achieve this, the first step is to strengthen the EU's single market. For economic strength to be transformed into political strength, the EU must present a united front. To weaken the influence of veto players, it would be helpful to strengthen majority rule when it comes to voting, rather than requiring unanimity. Finally, the EU could assess future EU accession candidates based on their willingness to strengthen the EU's geopolitical influence. This would increase the likelihood of there being political majorities within the EU that are willing to use Europe's economic power to advance its geopolitical interests.

Second: If Europe wants to increase its geopolitical influence, it must first make a fundamental strategic decision to genuinely pursue this goal. This includes the decision and the willingness to forgo material well-being in order to achieve it. This willingness may meet with resistance, particularly in countries with below-average GDP per capita. To overcome this political hurdle, it may be necessary to provide transfer payments to EU regions with particularly low levels of economic prosperity. These transfers would then be the price paid to avoid social tensions within the EU.

Third: To reduce the risk of political vulnerability, the EU should minimize its critical import dependencies as much as possible. Numerous measures are conceivable here: Deepening existing free trade agreements and concluding new ones are viable options for diversifying supplier relationships. In terms of natural resources, the EU could sign agreements to import the necessary raw materials.[16] Companies could also make direct investments in countries that possess deposits of essential raw materials. To increase investment security, it would be advisable for the EU to conclude investment protection agreements with these countries.[17] Other tools for reducing dependency on intermediate goods imported from abroad include reshoring, nearshoring, and friendshoring (see Box 3). There are several viable options for reducing dependency on imports of raw materials, such as increasing resource efficiency through greater use of resource-saving technologies and by promoting the circular economy. Both measures would reduce the EU's annual demand for raw materials and thus its dependence on imports from other countries. A rapid expansion of renewable energies would offer similar gains by eliminating long-term dependencies on fossil fuels from abroad.

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[16] Petersen, Thieß, Etienne Höra, Julian Hinz and Hendrik Mahlkow. Wachstumseffekte von Freihandelsabkommen für Deutschland und die EU. Focus Paper Nachhaltige Soziale Marktwirtschaft Nr. 30. Gütersloh, 2025.

[17] These agreements protect investments made by domestic companies in the other country party to the agreement. Investment protection primarily concerns expropriation without compensation by the foreign government. However, it can also include protection for investors from unfair treatment by foreign governments. For details, see Gundel, Jörg. Die Bedeutung des internationalen Investitionsschutzrechts für den Klimaschutz: Konfliktlinien und Konvergenzen. Arbeitspapier 04/2021 für den Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung. Bayreuth, 2021, pp. 3–7.

Box 3: Reshoring, Nearshoring and Friendshoring

What these three concepts have in common is that production activities currently taking place abroad are relocated closer to the home country. Reshoring involves moving production activities from abroad back to the home country. Nearshoring occurs when production capacities are located not in the home country itself, but in neighboring countries. In the case of Germany, these would be European and North African countries. With friendshoring as well, production facilities are not located in the home country but abroad. The decisive factor in this case, however, is not geographical proximity to the home country, but the fact that both countries share the same political values. For Germany, friendshoring means that production takes place in democratic market economies rather than in authoritarian countries.[18]

Fourth: Against the backdrop of growing geopolitical tensions, the EU must clarify its approach to China in particular. China relies heavily on geoeconomic tools. To name only a few:

- In 2015, China announced a far-reaching economic policy strategy called “Made in China 2025.” The goal of this strategy is to significantly improve the structure of the Chinese economy. By 2049 – the year in which the People’s Republic will celebrate its centennial – the country aims to be the world’s leading industrial nation. To achieve this goal, numerous economic policy instruments are being employed. These range from government support for the domestic economy through extensive subsidy programs and state funding for research and development in China, to the acquisition of companies abroad and the subsequent transfer of their technologies to China, to the recruitment of highly qualified specialists from abroad and the use of industrial espionage.[19]

- Through its Belt and Road Initiative, China aims to expand its influence over other countries by strengthening ties with parts of Europe and Central Asia. China is pursuing several objectives here. One is the development of new trade routes, including overland routes in six economic regions. Another objective is to develop natural resources and raw material deposits abroad, as well as to seek new markets. The measures taken as part of the Belt and Road Initiative primarily concern Chinese infrastructure projects. These include transportation networks – such as roads, bridges and railways – as well as ports, such as the acquisition of the Greek port of Piraeus. Other elements include the electricity and telecommunications sectors; energy infrastructure such as pipelines; digital payment systems; and clean water and sanitation facilities. These projects are largely financed through Chinese loans.[20]

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[18] Michalski, Tino, Simon Sohlbach and Georgios Baroutas. Reshoring und De-Globalisierung: Die Relevanz der strategischen Reshoring-Entscheidung für das Business Development deutscher und europäischer Unternehmen. Working Paper Nr. 36 des Fachbereichs Wirtschaft und Recht der Frankfurt University of Applied Sciences. Frankfurt am Main, 2025, p. 6.

[19] Zenglein, Max J. and Anna Holzmann. Made in China 2025: Gekommen, um zu bleiben – Ausländische Regierungen und Unternehmen müssen sich flexibel auf die Innovationsoffensive einstellen. In: ifo Schnelldienst, Vol. 71 (2018), Issue 14/2018, pp. 6–9, here: p. 8.

[20] Godehardt, Nadine. Andocken – Diskursmacht – Versicherheitlichung: Chinas geopolitischer Code und die Belt and Road Initiative. In: Aus Politik und Zeitgeschichte, Vol. 72 (2022), Issue 43–45, pp. 11–17; Senz, Anja D. Von Gürteln, Straßen und Ambitionen – China und die neuen Seidenstraßen. In: Aus Politik und Zeitgeschichte, Vol. 72 (2022), Issue 43–45, pp. 4–10.

- A third strategy for strengthening China's geopolitical position is the establishment and expansion of the BRICS group. This alliance was founded in 2006, initially as the BRIC group, comprising Brazil, Russia, India and China. South Africa joined in 2011. In 2024, Iran, Egypt, Ethiopia and the United Arab Emirates joined, and Indonesia became a member in 2025. As a result, the group is also referred to as "BRICS Plus." This alliance is the first major grouping of nations not dominated by the United States.[21] One of the goals of the BRICS countries is to break the dominance of the US dollar. The dollar is the only currency that currently serves as a global reserve currency and can therefore be described as a world currency. The BRICS countries are striving for de-dollarization.[22]

The necessary tools would have to be deployed if the EU wants to respond appropriately to these strategic challenges. In addition to the associated economic costs for Europe's citizens, potential Chinese retaliatory measures must also be taken into account. The EU must be prepared for both.

Fifth: A stronger state is required when geopolitical goals become more important. The geoeconomic instruments outlined in this article are, for the most part, measures that cannot be implemented by the private sector but require government action. This includes the conclusion of free trade and investment protection agreements, the imposition of sanctions and tariffs, the granting of subsidies, and public investments aimed at reducing critical import dependencies and strengthening defense capabilities – to name but a few. Consequently, if the EU decides to make more intensive use of geoeconomic instruments to strengthen its geopolitical position, it would necessitate a realignment of the relationship between the market and the state.[23]

The best solution beyond these five proposals would be to strengthen the rules-based international order and promote a multilateral global trading system with a strong World Trade Organization (WTO). Given today's geopolitical tensions, however, this is not currently a very realistic prospect.

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[21] Chellaney, Brahma. Ende der westlichen Vorherrschaft? Auf dem Weg zu einer neuen Weltordnung. In: Aus Politik und Zeitgeschichte, Vol. 74 (2024), Issue 49–51, pp. 4–10, here p. 8; Kappel, Robert. Willkommen im Club – Globale wirtschaftliche Machtverschiebung durch BRICS. In: Aus Politik und Zeitgeschichte, 74 (2024), Issue 49–51, pp. 19–24, here p. 19.

[22] Wulf, Herbert. Ziemlich beste Feinde – China, Indien und Russland zwischen Rivalität und gemeinsamen Interessen. In: Aus Politik und Zeitgeschichte, Vol. 74 (2024), Issue 49–51, pp. 38–45, here p. 39.

[23] Eckert, Sandra. Europäische Wirtschaftspolitik in der geopolitischen Ära: Eine geoökonomische Wende? In: Integration 1/2025, pp. 4–18.

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Cross-Cultural Differences in Leadership Styles in Europe and Asia: Four Paradoxes

Kerry Brown

I Context

Europe and Asia have a complex, multifaceted, but extremely consequential relationship. If we were to simply define Asia as China and the ASEAN countries (the ten members of the Association of South and East Asian Nations), the combined GDP of this area constitutes, in 2025, 27 percent of the global total.[1] If one adds this to Europe's total, which makes up 20 percent of the global total the same year,[2] then in two regional blocs we have almost a half of the world's wealth. The combined populations of China, ASEAN and Europe are 2.8 billion. These two pieces of data alone show why these entities are so important.

This essay will look at this vast and important relationship, and the huge differences in leadership culture, through four paradoxes. These relate to the ways in which sovereignty as a concept arose in Europe, but is now strongest in Asia; the second is how modernity from the West, while it figured initially as a tool of force in Asia, has now been adopted there to such an extent that it now leads the modernization agenda; the third is that while we are clearly living through a period of profound anti-globalist sentiment, consensus around there being clearly issues like climate change and AI that need global response is rising; and finally, that for European and Asian leaders, the US now figures for both as a challenge and problem, in ways that bring them unexpectedly closer, though for very different reasons.

II First Paradox: Sovereignty in Europe and Asia

Europe and Asia are clearly places characterized by pluralism and diversity, in themselves and compared to each other. Looking at Europe, the complexity can be seen in the contrast between European Union (EU) and non-EU members, and between Central, Eastern and Western countries within this area. These differences are well understood. They can be seen linguistically, culturally and historically. The most pertinent in the last century is the experience by many members of Eastern Europe of Communism until the fall of the Berlin Wall and the collapse of the Soviet Union and its satellite states in 1991. What unites these countries, with the exception of Belarus, are that all today are multi-party democracies, even though there are differences in terms of what electoral system is used, and what kinds of legislative chambers they have.

With ASEAN and China, on top of the same kinds of linguistic, cultural and historic differences marking countries off from each other as exist within Europe, is that even in the political area there is diversity. This is a region which has the world's largest surviving one-party Marxist-Leninist system (China) along with the second (Vietnam) and third (Laos), several democracies (Japan, Malaysia, Indonesia), a military dictatorship (Myanmar), and a constitutional monarchy (Thailand), before one even factors in North Korea, not a member of ASEAN, but very much part of the region,

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1 This goes up to 40 percent if looking at purchasing power parity (PPP), https://www.worldeconomics.com/Share-of-Global-GDP/China.aspx.

2 https://www.imf.org/external/datamapper/PPPSH@WEO/EU/CHN/USA.

with its unique mixture of inherited dynastic Communism and Stalinist ethos. There can be no other part of the world with this level of complexity.

That means that addressing the issue of what a coherent vision of leadership culture might be has some traction in Europe with its relative political unity (at least in terms of the kinds of political models being used to govern member states), but is far harder to track in Asia. This is made even more so due to the complexity of historic belief systems there. Very broadly, for at least a thousand years, the European mindset can be characterized as a Judaic-Christian one. This is not to deny great differences between the traditions and theologies of Christianity as it is practiced in largely Catholic Italy, or the Protestant traditions from the Enlightenment in Germany, and Northern Europe. But fundamentally, they are forms of the same theistic revealed religion, based on the interpretation of the same set of sacred texts. This could not be remotely claimed of Asia. While Buddhism offers some deeper-level, orientating values system in countries like Cambodia, Vietnam and Thailand, and Confucianism in China, Japan and the Korean peninsula, there are a myriad of very different local religious and spiritual groups, and the impact of the longstanding presence of Christianity, on top of the fact that Indonesia is the world's largest Muslim state. Asia is truly the most diverse area in terms of core beliefs in the world. To some extent, the only thing that seems to tie all the different countries together is an approximate shared geography, alongside a widespread modern experience of colonization.

The last fact is the most salient even in the 21st century. Colonization over most of the modern era, most of it from European nations like Britain, Spain or the Netherlands, had and has an immense impact in shaping Asia. Not least, it created a powerful sense of nationalism, and of nation-states exercising sovereignty in order to protect themselves and ensure that never again would they be susceptible to the kinds of exploitation and violence which was their lot in the 18th to the 20th centuries. The ways in which the forces of external colonization created unified states where, before, there had been myriad smaller principalities and realms is one of the great paradoxes of the modern age. For while the philosophical and political underpinnings of the modern state were created through the Treaty of Westphalia in 1648, ending the German Thirty Years War, it is in modern Asia that the greatest commitment now exists to states which define themselves as defensible, well-defined and autonomous entities, and which take preserving their sovereignty as a priority. This contrasts with the pooling of sovereignty that has been attempted by the EU in the last few decades, and which, despite being battered and challenged, still to some extent continues.

The final large-scale factor that impacts on culture and mindsets is that of the structure of society. Again, this is dealing with very broad generalizations. But the view of the individual and of the relationship between the individual and the state in Asian societies and European ones are significantly different. One way of understanding this is to consider the nature of family and kinship structures. European societies developed what one study called a more corporate, rules-based and nuclear family structure. This meant that the zone of intimates for any one person was limited, but that the bonds of trust and of guarantee by rules and institutions were strong, and allowed business and other activities to happen which needed cooperation far beyond the reach of anyone's personal networks.[3]

[3] Greif, Avner, Joel Mokyr and Guido Tabellini. Two Paths to Prosperity: Culture and Institutions in Europe and China: 1000 to 2000. Princeton University Press: Princeton and London, 2025.

In Asia, one can look historically to more communitarianism, extended family networks, where informal social rules rather than codified laws were the norm. This was a social context where business and government or the provision of any public goods tended to be in local, not regional or national networks. This was not least because nations with their core responsibilities did not exist in the way in which they do today. One commentator captured the differences well. In Europe, it is a good place to be dependent on strangers because of the obedience to impersonal rules and regulations. But in Asia, it is a good place to be dependent on friends and family – they are the chief fundamental building blocks of social trust and cooperation. There are theories about how these differences in social networks and public trust impact on state structures. The classical, and largely disproved, Marxist understanding of the Asian Mode of Production looked at huge irrigation and other projects which needed immense state support and centralization of labor and planning. That occurred in keeping with Karl August Wittfogel's notion of "Oriental despotism," where such practical centralization led to the accrual of immense political power.[4] Historians have now raised many questions about whether this really was the way that Asian economies developed, and whether it offers any explanatory power over political structures. What is certainly true is that in many Asian countries, historically, there was vast distance between those with power and those over whom power was exercised. We can look at the immense statements of the Angkor Wat temple complex in Cambodia, or the equally august authority of Chinese emperors, or Japanese shoguns. It seems that authority for rules in Europe was subject to restraint, and regimes of accountability and restriction, quite early on in the modern era. The Enlightenment, in particular, with the famous Kantian notion of the individual only believing what they felt they could verify and understand, rather than simply because things were presented to them as the truth by others, placed the individual and their conscience at the heart of everything.[5] Power was increasingly bottom up, rather than top down.

III Second Paradox: Modernity from the West to the East

All of this creates the fundamental historical, social and political context in which to understand the role of leadership in Asia and Europe, and how they might be meaningfully compared in the 21st century. One thing we can assert with some confidence: History matters deeply across Asia. Countries, as they have emerged from colonial rule and experienced their separate liberation movements, have all placed the creation of powerful national liberation myths and traditions at the heart of their identity, and view identity as crucial. Nationalism is a living, powerful force in Asia, and the ways in which this is underpinned by specific narratives of history, and of what that history says about people and their values and visions and convictions. It is not surprising that whether it is a Japanese prime minister, or an Indonesian president, or a Chinese party secretary, in all these places, the chief appeal to citizens or voters is that the incumbent government and their main rulers are defending the unique, longstanding and essential traditions and identities of their separate countries. Appealing to historic traditions and stories is central to this.

There is a complicating factor in all of this. Europe and Asia have both experienced modernity intensely, though for different reasons. European nations were the first to undergo an industrial revolution, and the first to deal with the immense social and political and cultural impact of this. That entailed rapid urbanization, and the kinds of changes in working life and power structures that

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4 Wittfogel, Karl August. Oriental Despotism: A Comparative Study of Total Power. Yale University Press: Yale, 1957.

5 Kant, Immanuel. An Answer to the Question: 'What is Enlightenment?' Penguin Random House: London and New York, 2009.

Karl Marx and Frederick Engels so famously observed, particularly in 19th-century Britain. The revolution in production and manufacturing inevitably had political consequences. It brought about work unions, collective bargaining, the need to define far more clearly social classes, and then the ways in which these classes related to each other in a new power structure where capital was all important. In the 19th and early 20th centuries, Asian countries felt the impact of this through the ways in which European powers had the capacity to influence them, enforce their will and exploit them. For countries like China, Japan and South Korea, their aim after experiencing enforced modernization was to engage in this modernity, to get the material benefits of better agricultural production, mechanization in society and rising living standards, so that they had the strength finally to face down foreign modern states and stand up on their own feet practicing self-determination. They wanted to do this while still preserving their unique identity and history – indeed it was through preserving these that they avoided not just complete economic but also cultural annexation. Modernization happened later, and faster, in Asia, because it was not a pioneer in this area, but could take many of the processes and methods created elsewhere and apply them. Japan was the earliest to successfully industrialize, after the Meiji Restoration in the late 19th century. For all others, the 20th century proved to be a long, painful engagement with and implementation of the tools and processes of modernization.

Modernity with Asian characteristics means that even today, as with the notion of sovereignty, Asian countries adopted and adapted, so that their societies experienced intensely the kinds of transformations that had occurred in Europe. As in Europe, rapid urbanization occurred. As in Europe, an industrial infrastructure was built, profoundly reshaping and impacting on the environment. As in Europe, the environmental impact of this was huge, meaning that across much of Asia, a traveler would often see the same kinds of landscape with the same kinds of factories, roads and rails, as countries from Malaysia to the Philippines to China and South Korea engaged in rapid modernization.

Asia engaged with this to such an extent that today it can be said to have taken up pole position as a manufacturer, and increasingly as a place of innovation and development. This marks a shift in paradigm. The model immediately after the Second World War was for countries like Japan, Singapore and Taiwan (with its special status) to build their economies by manufacturing, using cheap, well-educated labor, cheap land and good logistic links, for export of goods into developed markets in Europe and the US. The explosion of GDP growth from 1950 to 2025 meant that Asia as a region grew by $116 trillion. In many countries, they saw annual increases over their peak years of up to 10 percent.[6] This was often the norm, and not an aberration. The way in which Asia has seen populations lifted from poverty to wealth is one of the great achievements of human history. This was done as part of an increasingly global system, and one that through the General Agreement on Tariffs and Trade, which became the World Trade Organization in 1995, was done through the removal of barriers and the implementation of a standard global trade and investment system. With China's entry to this after 2001, the celerity of growth only increased.

Asian leaders were able to speak to their populations throughout this era of growth and the high point of globalization in the knowledge that the future was always materially looking better than the past. In every area of human development, from literacy to average mortality age rates, to the eradication of most infectious diseases, to the elimination of absolute poverty, Asian countries mostly (there were a few exceptions) saw dramatic improvements. Asking a population of make

6 https://www.sciencedirect.com/science/article/pii/S0264999325000380.

sacrifices, or support the patriotic national cause when there is this level of growth and development offering reward in the future to justify the present pain is easier than facing a declining or stagnating situation where the incentives are so much weaker to non-existent.

IV Third Paradox: Globalization Ending but Global Cooperation Never More Urgent

Today, though, countries like Japan, South Korea and even to some extent China are facing a new set of challenges around late modernity. Populations are declining. Growth is slowing down. The economic model is transiting from an export-led manufacturing one to a high-tech and more domestic-driven one. The US with its tariffs under Trump from 2025 is becoming more protectionist. The European market, while still considerable, is shrinking.

European leaders are hitting this issue even more dramatically. They are faced with greater challenges to creating growth, with industries and infrastructure that are often in need of extensive updating and modernization, and rising social welfare costs as societies age. The rise of populism targets immigrants and outsiders, with deep reservations bordering on hostility shown towards the kind of globalization popular only a decade or so ago. The mindset of European leaders has become defensive and protective. Promotion of powerful and attractive normative values, which were at the heart of the European mission in the early 2000s, is now less important than trying to preserve democratic stability and the rule of law, which seem to be threatened by external and internal forces.[7]

Asian and European leaders might operate from very different social, cultural and ideological backgrounds. Where they are united, however, is around an understanding that generic issues, not geographical ones, are their greatest current challenge, and likely to remain so. Whether one sits in Beijing or Brussels, in Phnom Penh or Paris, the stark reality is that global warming, artificial intelligence (AI), pandemics and sustainability are going to be at the top of your agenda. This is one of the final great paradoxes of the modern age. For all the very real and significant differences observed in this paper between Asia and Europe, and despite the general decline in faith in globalization, the reality is that never before has there been more alignment on what the core challenges facing humanity are, and how much they depend on multilateral, international, global action. Climate change caused by human activity is the best example – a phenomenon now accepted by almost everyone, but where the impact falls unequally. AI is emerging as a separate factor – something that could either be a massively positive game changer, or a dire threat to human existence. Perilously at the moment, no one really knows what a realistic appraisal of the impact of AI might be. But on one thing we can agree – it will not be one experienced in just one place and easily confined there. It will not respect country boundaries and differing jurisdictions. This gives rise to the great paradox that in an era in which globalization has fallen out of favor, global issues that necessitate global cooperation have never been more obvious and widely accepted.

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[7] See for instance Leonard, Mark. Why Europe Will Run the 21st Century: A Visionary Study of the EU, Global Democracy and International Relations. Fourth Estate: London, 2005.

V Fourth Paradox: Common Concern in Europe and Asia Over the US

In this context, the other surprising commonality between Asian and European leaders will be the rapidly changing role of the US. For Europe and Asia, America is more often than not a huge economic partner (it is the largest for Europe, and for China, in bilateral terms, even though in Asia itself China is the largest trading partner for most countries). It is also a security presence. For most ASEAN members, the presence of the Seventh Fleet of the US navy has preserved predictability and stability since 1945. Philippines, South Korea, Japan and to some extent Singapore and the special case of Taiwan (special because while Washington doesn't recognize Taiwanese statehood, it does recognize some responsibility to take care of Taiwan's security) are all treaty allies of the US, and places where the US has troops. Even China, ironically, has accepted the US has some role in Asia in at least preserving stable maritime routes there (outside of the South and East China Seas) and creating a predictable environment.

The threats of retrenchment, and the use of tariffs and the weaponization of its economic leverage under Trump's second administration have all provided a huge shock to the global security and trade system. NATO has been a constant source of White House frustration, along with the idea from Trump that Greenland might be annexed to the US. For Asians and Europeans, therefore, in ways which are unexpected and worrying, they have to think urgently of what a world looks like in which the US is an unpredictable and antagonistic, more unilateralist partner. In some ways, this is far easier in Asia, where the US's impact from the Vietnam War onwards has been more complex and regarded more skeptically. Even so, this gives European leaders even more cause to look at creating middle power dialogue and cooperation as they seek to shore up their position in a situation where the US is no longer an all-weather friend and a totally dependable ally.

VI Conclusion

Asian and European leaders view the world differently, but that does not mean that they can't identify plenty of common ground. The mindset in Europe probably needs to change more than that in Asia, where there is already a strong desire and assumption that working with Europe is sensible. Europeans have often not devoted the political or diplomatic capital to do this. They have regarded Asia as remote, or more in the sphere of influence of the US, a place where their historic misdeeds impede smooth, straightforward cooperation. That needs to change. Europe and China might not be geographical neighbors. But they are increasingly more adjacent in their attitudes to global issues than they are with Washington. That at least provides the basis as never before for sustained, and sustainable, partnership, despite the very different cultural and political natures of either place. The clear message from their history and long interaction is that these are two regions that are able to deal with difference and diversity, in themselves and in engaging with others. That gives some degree of optimism for the future.

Intercultural Differences in Diplomacy and Leadership

Heinrich Kreft

I Introduction: Leadership Beyond Universal Models

The age of globalization created the illusion that leadership could be standardized. Business schools taught universal management principles, governments adopted similar governance concepts and international organizations promoted common leadership standards. Yet recent crises – from the COVID-19 pandemic to geopolitical conflicts, technological upheavals and social polarization – have shown that leadership remains deeply rooted in cultural contexts.

A leader's effectiveness depends not only on competence, vision or charisma. It also depends on whether their leadership behavior aligns with societal expectations regarding authority, legitimacy, responsibility and trust. What is perceived as decisive leadership in one society may be interpreted as authoritarianism in another. What appears consultative and inclusive in one culture may be viewed as indecisive elsewhere.

In an increasingly interconnected world, leaders operate simultaneously at the national, regional and global levels. They must navigate differing cultural conceptions of power and responsibility while addressing shared challenges. Cultural intelligence has therefore become a strategic leadership competency.

The following article draws on my experiences from 40 years of diplomatic service across four continents – preceded by study periods in the US and France, as well as research stays in Ecuador and Mali – my work as a university professor in Budapest, as a researcher in Istanbul, and my current role in the German Foreign Office's international diplomatic training program, as well as my position as academic director of several international "summer schools."

II Leadership as a Cultural Construct

Leadership is often discussed as if it were a universal phenomenon. In reality, however, concepts of leadership reflect deeply rooted historical experiences and cultural traditions.

European societies alone exhibit a remarkable diversity in their expectations of leaders. Northern European countries traditionally value consensus-building, transparency and relatively flat hierarchies. Germany combines elements of hierarchical authority with strong procedural legitimacy and institutional accountability. France maintains a tradition of centralist leadership and strategic statecraft rooted in republican and administrative traditions. Southern European societies often place greater value on personal relationships and informal networks than on formal institutions.

These differences are not merely stylistic. They shape how societies define legitimate authority.

In some cultures, leaders are expected to set a clear direction and take personal responsibility. In others, they are expected to facilitate collective decision-making and build consensus among stakeholders. Consequently, the effectiveness of leadership cannot be separated from cultural expectations.

The challenge for modern leaders is that these expectations increasingly clash in an international context.

III Diplomacy as a Testing Ground for Intercultural Leadership

Diplomacy perhaps provides the clearest example of intercultural leadership in practice.

Diplomats must constantly navigate between different political cultures, communication styles and notions of legitimacy. Successful diplomacy rarely depends solely on negotiating positions. Often, what matters most is understanding how the parties involved perceive authority, status, compromise and trust.

Western diplomatic traditions generally emphasize formal institutions, legal frameworks and transparent procedures. Other diplomatic cultures place greater value on personal relationships, historical symbolism, hierarchies or indirect communication.

Misunderstandings often arise not because interests diverge, but because the parties involved interpret signals differently. Direct criticism intended as constructive feedback can be perceived as disrespectful, as I have repeatedly experienced in Japan. A carefully nuanced statement aimed at maintaining consensus may be interpreted elsewhere as weakness or ambiguity – an experience I have had in the United States and in negotiation situations with Americans.

The most successful diplomats, therefore, are not necessarily those who negotiate the hardest, but those who understand how different cultural contexts shape political behavior. Understanding this cultural context correctly is both essential and difficult. In this sense, diplomacy increasingly resembles cultural mediation.

IV Authority, Responsibility and Trust

At the heart of leadership, in my view, lies the question of legitimacy. Why – or rather, when – do people accept authority? Why do they trust certain leaders, but others less, or not at all?

The reasons vary greatly across different societies and cultures. In some cultures, legitimacy derives primarily from institutional authority. Citizens trust leaders because they hold positions established through recognized procedures. In others, legitimacy depends more heavily on personal credibility, moral authority or proven competence.

The ongoing digitization of our daily lives is also changing these foundations of legitimacy.

Social media has accelerated political communication while simultaneously weakening traditional gatekeepers. Leaders are increasingly judged not only on the basis of institutions but also on their ability to communicate directly with a mass audience. Visibility often competes with professional competence. Emotional resonance can outweigh procedural legitimacy. In my view, the new phenomenon of so-called “influencers” can be explained this way.

This development leads to tensions across cultural contexts. Societies with strong institutional traditions may feel growing frustration with personalized forms of leadership. Conversely, societies accustomed to personalized authority may find that digital communication reinforces existing tendencies toward charismatic leadership.

The result is a more fragmented and volatile environment in which it is becoming increasingly difficult to build and maintain trust.

V Europe: Unity Through Diversity

Europe is rightly proud of its diversity. In my view, our continent offers a unique perspective on intercultural leadership, as it combines deep cultural diversity with unprecedented political integration.

The European Union can be viewed as an ongoing experiment in intercultural leadership. It requires governments, institutions and citizens to reconcile different historical experiences, political traditions and national priorities.

The European experience shows that cultural differences need not be obstacles to cooperation; on the contrary, they can become sources of resilience.

Consensus-oriented cultures contribute to inclusivity and stability. More centralized leadership traditions can provide strategic direction and resolve. This is an experience I have often had in the Franco-German context: Germany and France did not become the driving forces of European integration because their political positions were always close to one another, but, on the contrary, because they were usually far apart, as both sides had to meet each other halfway, coming from different directions. The other EU members usually found themselves somewhere in between with their own positions. A compromise – often the result of protracted negotiations between Paris and Bonn/Berlin – was then usually acceptable to all other partners as well. With today's much larger EU, this is unfortunately less and less the case. The attempt to expand the Franco-German tandem eastward by including Poland through the so-called "Weimar Triangle" has not had the desired effect.

While differing historical experiences generally enrich collective problem-solving, they also tend to make it more complicated.

Diversity requires significant investment in mutual understanding, and Germany and France have invested heavily in their bilateral relations. I would like to highlight here the Franco-German Youth Office (DFJW/OFAJ), which has brought together hundreds of thousands of young Germans and French people since its inception. European integration has succeeded not because cultural differences have disappeared, but because institutions were created that allow different perspectives to coexist and interact productively with one another.

This insight extends beyond Europe. In an increasingly multipolar world, leadership must focus less on imposing uniformity and more on shaping diversity constructively.

VI Global Leadership Meets Local Expectations

One of the great challenges of the 21st century is the interplay between global leadership models and local cultural realities.

Multinational corporations, international organizations, universities, governments and NGOs are increasingly operating across cultural boundaries. Nevertheless, leadership models often remain rooted in specific cultural assumptions.

Management concepts developed in a specific context cannot automatically be transferred to another. Leadership approaches that are successful in Silicon Valley often meet with resistance in

Central Europe, East Asia or the Middle East. Similarly, political leadership styles that work within one's own country may prove ineffective at the international level.

This does not, however, imply cultural relativism. In my long diplomatic career, I have found that certain leadership qualities continue to be universally valued across cultures: integrity, competence, a sense of responsibility, and strategic foresight.

The manifestation of these qualities, however, varies – in some cases considerably.

The future, therefore, does not belong to leaders who follow a single model, but to those who are able to adapt leadership practices to different cultural contexts while maintaining coherent values and goals.

VII From Cultural Awareness to Cultural Intelligence

Traditional discussions often emphasize cultural awareness. As important as it is, awareness alone is not enough.

Modern leaders need cultural intelligence.

For me, cultural intelligence encompasses the ability to recognize cultural differences, interpret their significance, adapt behavior accordingly and build trust across cultural boundaries. It combines knowledge, empathy, strategic thinking and practical experience.

In my view, this ability is becoming increasingly important in politics, diplomacy, business, science and the arts.

Artificial intelligence, digital communication and global networks are connecting societies more closely than ever before. At the same time, they reveal cultural differences more directly and frequently. The paradox of globalization is that interconnectedness often heightens the visibility of differences.

Leaders who do not understand these dynamics run the risk of misjudging both partners and target audiences. Leaders who master cultural intelligence can turn diversity into an advantage.

Leadership Triangle

Source: Own illustration.

LIZ MOHN STIFTUNG

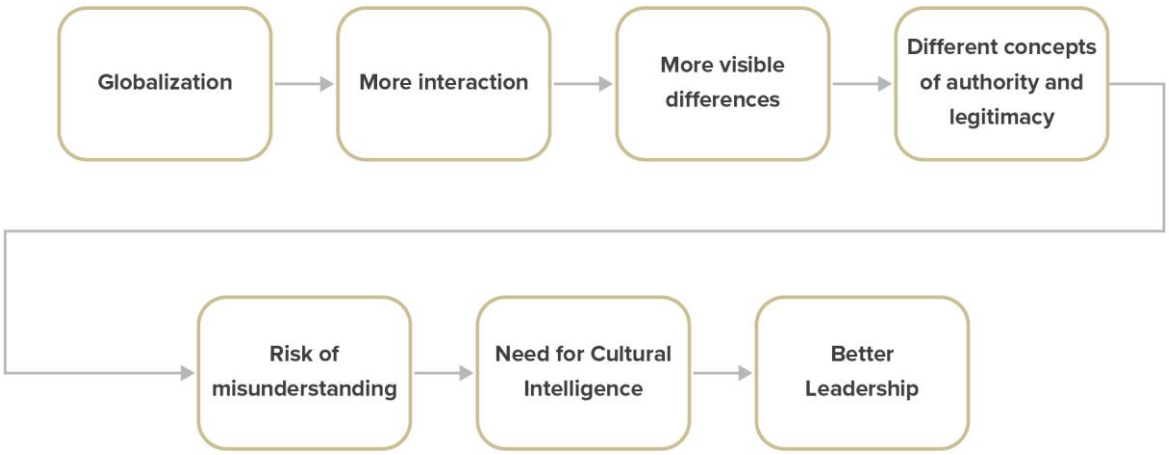
VIII Conclusion

Leadership in turbulent times – such as those we are currently experiencing – cannot rely on universal formulas. Cultural contexts continue to shape expectations regarding authority, legitimacy, trust and responsibility.

Intercultural differences are not obstacles to effective leadership; they are realities that must be understood and managed – which, admittedly, is not always easy. The ability to navigate cultural diversity has become a strategic resource for leaders in politics, diplomacy, business, academia and culture.

In my view, the most successful leaders of the future will not be those who rely on one-size-fits-all solutions. They will be those who can bridge cultural divides, foster a shared understanding and build legitimacy across diverse and varied communities.

From Globalization to Cultural Intelligence



Source: Own illustration.

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IX Policy Recommendations

Integrating cultural intelligence into leadership training at universities, diplomatic academies, business schools and in continuing education programs for public administration.

Expanding and strengthening international encounter and exchange programs for future leaders in politics, business, academia and culture to promote practical intercultural experiences – e.g., through “summer schools.”

Promoting diversity within leadership teams and ensuring that strategic decisions benefit from diverse cultural perspectives.

Developing institutional mechanisms for intercultural dialogue in international organizations and multinational corporations.

Investing in diplomatic and cultural diplomacy capacities as essential tools for international cooperation and conflict prevention.

Responsible use of artificial intelligence: ensuring that technological systems do not reinforce cultural stereotypes and prejudices, but rather break them down.

Promoting leadership models that combine universal values with cultural adaptability. In doing so, determination should be balanced with flexibility in implementation.

In my view, the key insight is clear: In a world characterized by uncertainty, multiple crises and interdependence, cultural intelligence is no longer a “soft skill” that is nice to have, it is a core prerequisite for effective leadership.

The Age of AI: Leadership, Democratic Backsliding and the Search for Certainty

Harold James

I Introduction

> Auream quisquis mediocritatem
> diligit, tutus caret obsoleti
> sordibus tecti, caret invidenda
> sobrius aula. (Horace, Odes 2.10)
>
> Whoever loves the golden mean / lives safe, and spared the squalor of a ruined roof; / sober, he is spared as well / the palace men would envy.
>
> (Or: Who makes the golden mean his guide, / Shuns miser's cabin, foul and dark, / Shuns gilded roofs, where pomp and pride / Are envy's mark: John Conington 1865 translation)

All over the world societies are disintegrating. People put the blame on ineffective leadership, while leaders complain about the people. Analysts conclude that modern societies have become ungovernable. There is a deep quest for ways of repairing the decaying democratic roof, escaping the polarization of society and extreme inequalities of income and wealth – the dichotomy of Horace's palaces and ruined huts. And in addition to domestic political fragmentation, our decaying world is also ever more fragmented, and conflict between states is increasingly militarized.

The problems were well diagnosed at the beginning of modern experimentation with the creation of new forms of broader political representation. As the American constitution was being drawn up, Alexander Hamilton warned presciently about what we now call populism: "Of those men who have overturned the liberties of republics, the greatest number have begun their career by paying an obsequious court to the people; commencing demagogues, and ending tyrants."[1] Max Weber gave a similar enduring analysis of the difficulties of building political order in the aftermath of the disintegration of Imperial Germany in *Politik als Beruf*, thinking that politics needed to build two bridges. Both bridges are difficult, remaining precarious and perhaps impossible. First, between an ethics of ultimate goals and an ethic of means. Second, and perhaps this was simply a reformulation of that first demand in terms of the old tension between reason and passion that appeared prominently already in Plato: "How can warm passion and a cool sense of proportion be forged together in one and the same soul? Politics is made with the head, not with other parts of the body or soul."[2] But people – and societies – need a soul.

II The Modern Malaise

It is easy to apply the insights of Hamilton and Weber to the tragedies of modern leaders. Let me start with the humiliation of British Prime Minister Sir Keir Starmer. The cracking of his political authority is often treated as an oddly British peculiarity. It is not. It is the exemplar of a nearly universal malaise in rich industrial societies, and it is worth reflecting on the lessons. Starmer is a profoundly decent and intelligent leader who faced a simply impossible task – caught between the powerful pressures of the bond market on the one side and populism on the other.

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1 Hamilton, Alexander. Federalist No. 1, 1787.

2 Weber, Max. Politics As a Vocation. In: From Max Weber: Essays in Sociology. Translated, edited, and with an introduction by H. H. Gerth and C. Wright Mills. New York: Oxford University Press, 1946, p. 36.

It is easy to tell a standard story about modernity – and how it went wrong. Once upon a time (in other words in the mid-twentieth century) in every country there existed two big, stable parties. They were rivals, but friendly, and their leaders treated each other with respect even when they staged political debates. One party was slightly left wing, and one slight right wing, and their differences went primarily along social lines and economic policy. One tried to tax a little bit more, the other a little bit less. Both needed to moderate any temptation to ideology or extremism, as they appealed to voters in the middle. Starmer is a throwback to that era, when there was no need for great leadership and great personalities.

The combination of globalization and deindustrialization with the end of the geopolitical certainties of the Cold War destroyed the old model. Today the middle has disappeared and voters are angry. Party leaders treat each other with contempt, and the language of hostility and of ideological conflict spill over in the internal politics of the surviving old parties, discrediting them. The result is that voters want change and radical visions. In the British case, the Conservative Party loses out to Nigel Farage's Trumpian "Reform" party, and Labour to a radicalized environmental party, the Greens.

Italy showed the path to the new politics long ago, when the Christian Democrats and the Communists evaporated in the 1990s. More recently France offers a different path, with both the old socialist party and the old republican right moribund. Emmanuel Macron tried to create a new centrist movement. A similar disintegration of the political order is occurring in Germany. The old parties, the SPD and the CDU, are dwindling, and the center right CDU is now far behind the radical right AfD in opinion polls.

The British debate is even more fraught than the continental European cases. It is driven by poor economic growth, the result of low productivity gains. What turned the dismal economy into a crisis of national identity is the sense of geopolitical helplessness. The country is caught between the legacy of empire, and the rival alternatives of working with the United States, and integrating with Europe. The last option was what British voters rejected in the 2016 referendum, and the United States has become an unreliable and – for Starmer – poisonous ally. It is silly (but true) of the president of the United States to insist that Starmer is not Winston Churchill. Imagine what Britain in its current state would do to Churchill. The country would ask blood, toil, sweat and tears – for what?

III Populism

Populism is by now a ubiquitous term that has lost almost all definitional clarity. It is often linked to the globalization discussion, in that populists are the anti-globalists, or to use the terminology of the British journalist David Goodhart, the rooted "somewheres" who are opposed to the mobile "anywheres".[3] Populism thinks of itself as the movement of the people, making a clear separation between "our people" and everyone else. It has thus always had a clear enemy: the globalists, or the global elite, or any cross-national movement. It is characteristically anti-capitalist, anti-socialist, anti-clerical (or at least anti-Catholic), anti-Semitic, and, in the twenty-first century, anti-Islamist. The resistance of populists to mobility is not just a question of geographic location, and resistance to movement over space; there is also an element in populism that is directed against movement

[3] Goodhart, David. The Road to Somewhere: The Populist Revolt and the Future of Politics. London: C. Hurst, 2017.

over time, and that is anxious or hostile about change. But anti-mobility is not generally the way in which populism as a phenomenon is defined.

Populism is in fact usually a vague term of abuse, and analysts have struggled to provide a clearer account. The two most frequent definitions by political scientists involve, firstly, the assertion that populists make a claim to be the sole representatives of a real "people," opposed to an "elite," and secondly, that populists make all kinds of promises that are unrealistic and undeliverable. Neither really helps very much. Nobody is going to win elections by telling voters that they stand for an elite. Any broad political movement tries to present itself as not being a sectional or partial interest, and as having the interests of a whole to heart. To take an obvious example, socialists or social democrats could not hope to gain power if they presented themselves as a particular working class party, even though they might often assert that the working class was the "real people," and the successful Social Democratic political movements remade themselves as people's parties – as did Christian Democrats. But that doesn't make them populist, except in a way that is conceptually useless. And making untenable promises – well, come on, that's what almost every politician will and probably should do. It's the task of a free press and of a public sphere to discuss the promises and, if necessary, show up the unreality. There is another striking problem: The success of a policy does not always depend on the intentions and the integrity of the promoters of the policy; bad policies can fail because of bad luck and bad conditions, but sometimes bad policies can turn out to be surprisingly effective.

A third angle of many definitions of populism presents advocates as inherently authoritarian, even though they might claim to represent the people.[4] The leadership will decide what is good for the people, rather than leaving that outcome to a genuine process of popular debate and discussion. It avoids scrutiny or challenge. Donald Trump likes to talk about "my people," and Boris Johnson's stock phrase is "We are delivering the people's government." Again, the general point that politicians will often argue that they know best is surely not confined to populist politicians, and political leaders often hide what they are doing. Total political transparency would be an illusion. But it is certainly true that populists in power – Viktor Orbán, Jarosław Kaczyński, Donald Trump – have stifled judicial processes that would prevent the arbitrary exercise of their power. Elections are manipulated; the press is intimidated, and journalists are sued, beaten up or killed. Chance emergencies, such as the covid pandemic, give would-be autocrats the opportunity. Donald Trump declared, "The federal government has absolute power. It has the power. As to whether or not I'll use that power, we'll see."[5] Or: "When somebody's the president of the United States, the authority is total. And that is the way it's gonna be. It's total. And the governors know that."[6] Prayuth Chan-ocha, the autocratic prime minister of Thailand explained that "right now it is health over liberty." Orban used covid as a chance to introduce rule by decree. Erdoğan in Türkiye had made the move after a failed coup (in 2016). And wars present an even more powerful case for politicians to declare states of emergency.

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4 Eichengreen, Barry. The Populist Temptation: Economic Grievance and Political Reaction in the Modern Era. New York: Oxford University Press, 2018, p. 1.

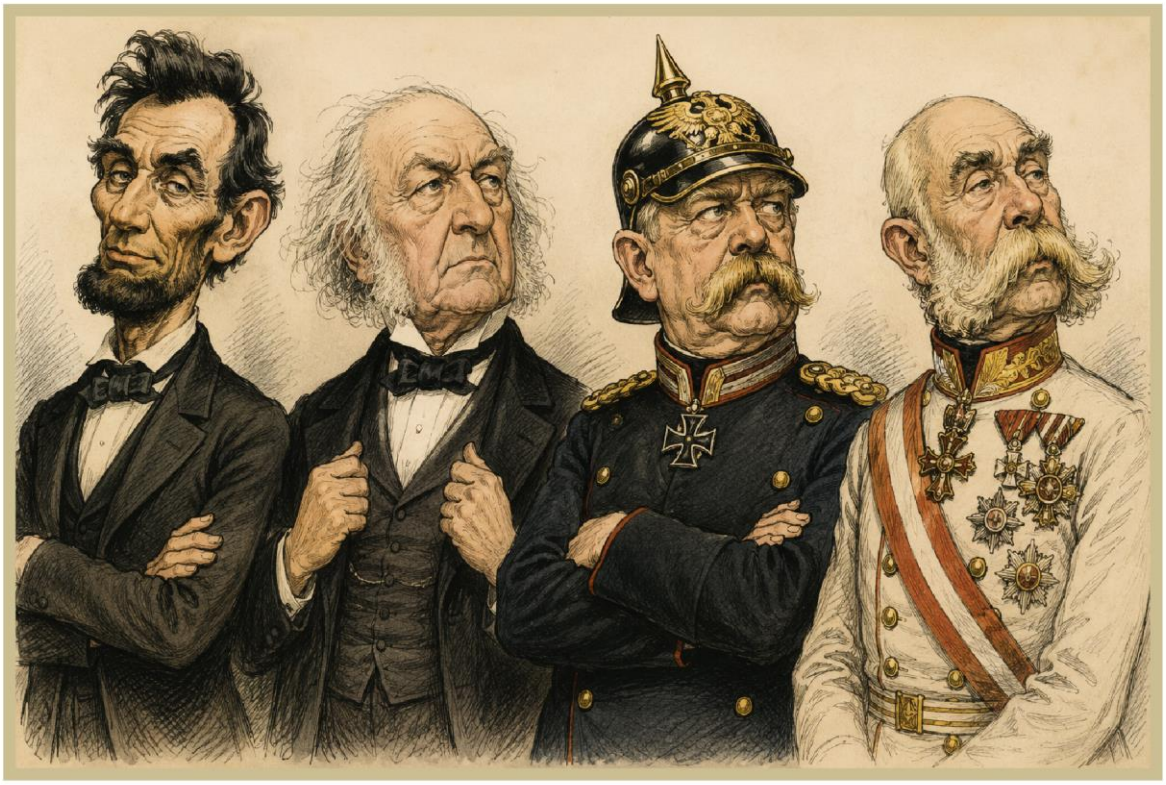
5 "A Close Look at President Trump's Assertion of 'Absolute' Authority Over States." *NPR*, April 14, 2020. https://www.npr.org/2020/04/14/834460063/a-close-look-at-president-trumps-assertion-of-absolute-authority-over-states.

6 Harvey, Josephine. "Trump Declares He Has 'Total' Authority As President in Defiant Press Briefing." Huffington Post, April 13, 2020. https://www.huffpost.com/entry/trump-total-authority-president_n_5e94f544c5b606109f5ea92b?ri18n=true.

IV The Modern Solution

Successful modern leaders – successful in the sense of attracting votes and getting into power – often solve the problem of building support by means that are quite counter-productive when it comes to any longer-term concept of generalized well-being and gains. The effective modern leader – especially the populist – relies on being entertaining, being unclear, being mad or just being very rich.

The Modern Solution



Source: AI-generated using ChatGPT

Being entertaining. Leaders need to put on a good show. For Silvio Berlusconi the road to political power – that made him Italy's longest serving prime minister – was through a real estate empire, but he honed his schmoozing skills as a cruise-ship singer, producing several CDs of his musical accomplishments, on his way to becoming *il grande seduttore*. The British newspaper *Guardian* concluded that he had "gathered himself more power than was ever wielded by one individual in a Western democracy."[7] He started his successful political campaign in 2006 by comparing himself to Jesus Christ. He consciously acted up as a political clown, regularly mocking international meetings. Many aspects of this exemplary career provided a roadmap for Donald Trump, another real estate developer who became a celebrity through his television show *The Apprentice*, which he marketed as "The Ultimate Job Interview." This entertainment lasted longer, from 2004 to 2015, than the US Constitution permits an individual to be president. Argentina's Javier Milei built his popularity by performing rock classics.

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[7] Hooper, John. Silvio Berlusconi obituary. The Guardian, June 12, 2023.

Being unclear. A fragmented audience may be offended by something a would-be leader wants to say. The consequence is a flight into word salads. This feature is not necessarily endearing. George H.W. Bush was already famous in the 1980s and 1990s for mangling sentences: That was not a result of a lack of intelligence, but rather of the fear of offending. His most famous statement, in the year in which he lost the presidential election, was: “I have opinions of my own, strong opinions, but I don’t always agree with them.” (1992) His son, who was reelected, was an even more compelling mangler of the American language. Two examples: “You know, when I campaigned here in 2000, I said, I want to be a war president. No president wants to be a war president, but I am one.” (2006). “And there is distrust in Washington. I am surprised, frankly, at the amount of distrust that exists in this town. And I’m sorry it’s the case, and I’ll work hard to try to elevate it.” (2007) Needless to say, Trump far surpassed his predecessors: “But when you talk about those numbers compared to the kind of numbers that I’m talking about by taxing foreign nations at levels that they’re not used to, but they’ll get used to it very quickly. And it’s not going to stop them from doing business with us, but they’ll have a very substantial tax when they send product into our country. Those numbers are so much bigger than any numbers that we’re talking about, including childcare, that it’s gonna take care. We’re gonna have, I look forward to having no deficits within a fairly short period of time. Coupled with the reductions that I told you about on waste and fraud and all of the other things that are going on in our country, because I have to stay with childcare. I want to stay with childcare. But those numbers are small, relative to the kind of economic numbers that I’m talking about, including growth – but growth also headed up by what the plan is that I just told you about.” (September 2024)

Being mad. The model for this behavior – especially important for international relations – was set by Richard Nixon. There is an older precedent: the biblical story of David, who pretended to be mad in order to escape from Achish the king of Gath: “He changed his behaviour before them, and feigned himself mad in their hands, and scrabbled on the doors of the gate, and let his spittle fall down upon his beard.”[8] Nixon gave a new twist, in that madness could increase effective power by giving the appearance of unpredictability and irrationality. “I call it ‘the madman theory.’ … I want the North Vietnamese to believe I’ve reached the point where I might do anything to stop the war. We’ll just slip the word to them that ‘for God’s sake, you know Nixon is obsessed about communists. We can’t restrain him when he’s angry – and he has his hand on the nuclear button’ – and Ho Chi Minh himself will be in Paris in two weeks begging for peace.”[9] Or in another instance, the president handed the phone to his 21-year-old daughter to tell Kissinger that “Daddy says you are supposed to bomb somebody.”[10]

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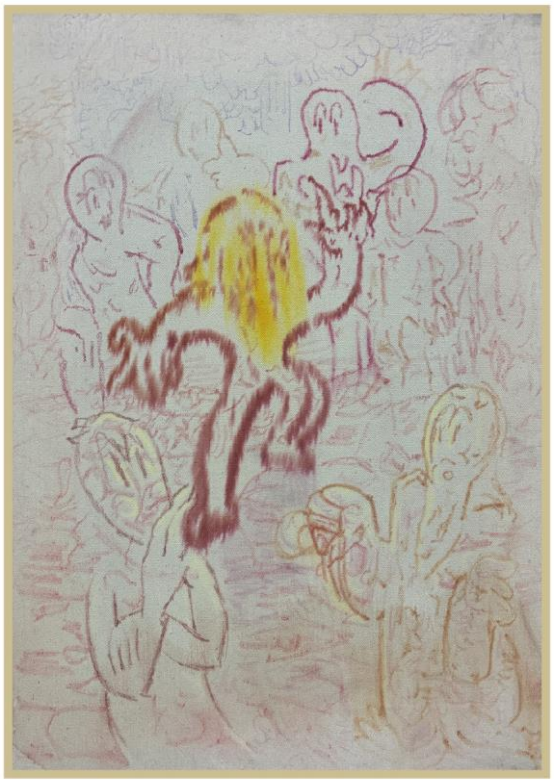
8 I Samuel 21:12 (King James Version).

9 Summers, Anthony. The Arrogance of Power, 2000.

10 Wells, Tom (ed.). The Kissinger Tapes: Inside His Secretly Recorded Phone Conversations. Oxford: Oxford University Press, 2026.

The Madness of David



Source: Max James

Being very rich. Again, Trump is an exemplar, or as he puts it: “The beauty of me is that I’m very rich.” He makes sure to emphasize that he has “a lot of cash.” The question of his wealth – and his exaggeration of it – has been at the center of several lawsuits. In 2006, he sued New York Times reporter Tim O'Brien and Warner Books for $5 billion, claiming a biography called *TrumpNation* defamed him by citing anonymous sources who alleged his actual net worth was $150 to $250 million, rather than billions. Trump ultimately lost the lawsuit, but the case forced him into depositions where he acknowledged that his self-reported wealth was often based on his “brand” value rather than tangible assets. In 2022, the New York Attorney General sued Trump, his children and the Trump Organization for a years-long financial fraud scheme. The state alleged they artificially inflated his wealth by billions of dollars on financial statements to deceive banks and secure favorable loan terms.

Entertainment value, obfuscation, madness and actual or pretended wealth are all not good bases for political leadership. They do not generate success in terms of providing public goods. The outcome could be described as *kakistocracy* rather than *democracy*. So it is not surprising that many engage in a nostalgic search for usable models of leadership from the past. But simple nostalgia can also be damaging.[11]

[11] James, Harold and Marie-Louise James. How Nostalgia Ruins Economies: Trump and the Troubled History of Trying to Turn Back the Clock. In: Foreign Affairs, May 28, 2025.

V The Nineteenth-Century Models

It is right at the beginning of the experimentation with new political representation that we find the handful of leaders who are still frequently held up as models for modern politics. Four stand out – but appeal to different temperaments and inclinations, and all four have conspicuous problems. Gladstone set a mold for responsible charismatic leadership in a parliamentary setting; Lincoln made big constitutional gambles to save the core values of the American Republic; Bismarck was the supreme practitioner of Realpolitik in a world of nationalism and international tension; and Emperor Francis Joseph gave lessons is muddling through: *durchwursteln* or *fortwursteln*. They should not really be used as models for a strengthening of the body politic. They do not solve the fundamental paradox that Weber identified but ultimately could not resolve.

The Nineteenth Century Models

Source: AI-generated using ChatGPT

1. Gladstone. Max Weber saw the British Liberal leader William Gladstone as the model for modern politics. What caught Weber's attention was the episode of the Birmingham "caucus" – the disciplined, machine-style party apparatus that Joseph Chamberlain's people built after the franchise expansions of the 1860s – and the Midlothian campaign of 1879–80, in which Gladstone toured the country appealing directly to the masses with what Weber called "'große' Demagogie," or "grand demagogy."[12] Weber's striking claim was that the machine, which by its own logic ought

[12] "Das Faszinierende der Gladstoneschen ‚großen' Demagogie, der feste Glaube der Massen an den ethischen Gehalt seiner Politik und vor allem an den ethischen Charakter seiner Persönlichkeit war es, der diese Maschine so schnell zum Siege über die Honoratioren führte." Winckelmann, Johannes (ed.). Max Weber – Gesammelte politische Schriften. Tübingen: Mohr Verlag, 1958, p. 523.

to have reduced politics to the routine of professional functionaries dispensing offices, instead submitted itself to Gladstone. It did so because of the charismatic and, above all, the moral authority of his person – the electorate's belief in the ethical substance of his policy and the ethical character of the man. So the apparatus that looked like it would mechanize politics turned out to be the vehicle for a charismatic leader who could dominate both parliament and the party. Weber called this "plebiscitary leader-democracy," a kind of Caesarism wearing constitutional clothing, and he saw this as central to the well-functioning of democracy in the Weimar Republic. But this was exactly the kind of Caesarism that, working through the emergency clause of the constitution (Article 48), destroyed Weimar democracy. And many were skeptical from the beginning. The great novelist Henry James, living in Gladstone's England, called the statesman a "dreary incubus," "he is really a furious demagogue," and complained that the "oceans of talk that are required, more and more for the smallest work of government, make one long at moments for some fine dumb despot."[13] So parliamentary mastery did not always satisfy.

2. Lincoln. Abraham Lincoln is sometimes presented as the supreme democratic statesman precisely because he refused to let democracy collapse into mere majority will: Against Douglas's rival version of "popular sovereignty," Lincoln urged the people to keep faith with the nation's founding principles and to avoid the snare of popular sovereignty. In his eyes, the equality clause of the Declaration of Independence constituted a moral axiom that would bind any subsequent consent. That meant a reconciliation of consent and equality, or a democracy that would be disciplined by natural right. In his 1838 Lyceum Address, Lincoln deployed the concept of "political religion," which meant not simply reverence for institutions but a love of equality so intense that it sacralized the institutions that might realize it.[14] But there is a downside – the love of the constitution was so great that Lincoln thought it needed to be broken in order to preserve the fundamental values.

3. Bismarck. It was the Bismarckian example that Max Weber feared, and against which he warned. In his eyes, Bismarck had left behind a "leaderless democracy": He had broken the power of parliament, surrounded himself with pliant subordinates, and produced a political class trained only in negative, oppositional politics rather than in governing. But Bismarck has many modern admirers. He was a master in synthesizing conflicting political passions – from many sides of the political spectrum, trying to develop an idiosyncratic mélange of democracy and absolutism, liberalism and conservatism, individualism and socialism: "Faust complains of having two souls in his breast. I have a whole squabbling crowd. It goes on as if in a republic."[15]

George Kennan thought of Bismarck fundamentally as an antithesis to the recklessness that produced 1914. The great Prussian leader provided a model for the disciplined management of power that Kennan thought the nuclear age required.

But realism applied even very skillfully was surely not enough. In a chapter of an unpublished book on Bismarck, Henry Kissinger warned against realism. "Societies are incapable of the courage of

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[13] From Edel, Leon (ed.). Henry James Letters III, 1883-1895. Cambridge Mass.: Harvard University Press, 1980, p. 125; Edel, Leon. Henry James: The Middle Years 1882-1895. New York: Avon Books, 1978 [1962], pp. 167, 170.

[14] See Kateb, George. Lincoln's Political Thought. Cambridge, MA: Harvard University Press, 2015; also Allen, Danielle. Tyranny of Democracy. In: Dissent, Spring 2015.

[15] "Faust klagt über die zwei Seelen in seiner Brust; ich beherberge aber eine ganze Menge, die sich zanken. Es geht da zu wie in einer Republik." On August 18, 1865, to Robert von Keudell and Heinrich Abeken, from Otto von Bismarck. Die gesammelten Werke (Friedrichsruher Ausgabe), Bd. 7: Gespräche (1924), p. 101.

cynicism. The insistence on men as atoms, on societies as forces has always led to a tour de force eroding all self-restraint. Because societies operate by approximations and because they are incapable of fine distinctions, a doctrine of power as a means may end up by making power an end."[16] Bismarckianism is thus scarcely a good guide for the twenty-first century.

4. Emperor Francis Joseph. The long-lived Austro-Hungarian emperor is a potent source of political nostalgia. After 1918, in a splintered world of heightened nationalist tensions; the nostalgics looked back to a prewar idyll, to what Stefan Zweig called the "golden age of security." In his metaphorical novel *Bambi*, only ostensibly a tale for children, Felix Salten made the wise old stag of the forest a depiction of the old Kaiser. Joseph Roth's epochal *Radetzky March* (1932) started with a preface explaining that the monarchy had let him be a patriot and a citizen of the world at once. "My most unforgettable experience was the war and the end of my fatherland, the only one that I have ever had: the Austro-Hungarian monarchy… I loved the virtues and merits of this fatherland, and today, when it is dead and gone, I even love its flaws and weaknesses."[17] There are modern analogies. In Hungary, Péter Magyar used the Crown of St. Stephen, and also the evocation of Habsburg linkages, as a key element of his highly successful 2026 campaign to remove the government of Viktor Orbán.[18]

Claudio Magris found that the Habsburg myth was more than a parochial Austrian matter but constituted the narrative of a whole civilization. The history of the Habsburg myth was thus the history of a culture undergoing an epochal crisis, a civilization that, in the name of its love of order, discovers the disorder of the world. Magris looked back on these writers and concluded that Francis embodied the imperial ideal through a kind of "heroic mediocrity."[19] The concept he used, *eroica mediocritas*, was an explicit echo of Horace's imploration of *aurea mediocritas*. This vision of Habsburg rule involved managing chaos, and could be inspirational only in the rear view window. There is a powerful case, however, to be made for heroic mediocrity.

VI The AI Solution

AI looks perhaps on the surface at least superior to those nineteenth-century models, or to the twenty-first-century formulae for political leadership. It is not unclear, not mad, and not rich; neither is it really very entertaining, although many people get drawn in by its capacity to amuse and distract. Many leading figures in Silicon Valley believe that AI will destroy institutional forms that go back thousands of years – capitalism and democracy. At the same time, it can do more and more, with four-fifths of British firms claiming that they were investigating what executive decisions should be handled by AI rather than humans.[20] Recently there was even a suggestion by some AI boosters that the new technology could resolve or end interstate conflict. Will it really end traditions and behaviors that go back at least to ancient Athens? Can AI remake the world? What modifications

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16 Ferguson, Niall. The Meaning of Kissinger: A Realist Reconsidered. In: Foreign Affairs, September/October 2015.

17 Quoted from translation in Coetzee, J.M. Emperor of Nostalgia. In: New York Review of Books, February 28, 2002.

18 https://www.politico.eu/article/peter-magyar-wants-put-austro-hungarian-empire-back-map/, [retrieved April 22, 2026].

19 Magris, Claudio. Il mito absburgico nella letteratura austriaca moderna. Torino: Einaudi, 1963; Der habsburgische Mythos in der modernen österreichischen Literatur, 3rd ed. Vienna: Zsolnay, 2000.

20 Armstrong, Ashley. Four in Five UK Boards Discussing Which Decisions Should Be Led by AI. In: Financial Times, June 11, 2026.

can we envisage – and what will be needed? Perhaps we may develop the intriguing possibility of a restoration of the Horatian ideal?

The argument about destroying capitalism is that the old laws of marginal costs no longer hold in a virtual environment, so that scalability is infinite and new companies aim to dominate completely: what Peter Thiel described as *Zero to One*, where there is no longer a limit to the production frontier. Some responses include constructing a very new cross-party political coalition. The remedy might lie in the granting of stock in hyperscaling companies, perhaps to children with the requirement that they hold their investments for a long period of time, but perhaps even to a wider group of recipients. That was the basis of a set of proposals from OpenAI's Sam Altman, in which profits from a newly established AI wealth fund would be given directly to citizens, allowing more people to benefit from the upside of the technology's growth, including those previously not invested in the financial markets. He then tried to make a variant in which the idea of a Trump tax-advantaged fund for children might be established. Left-wing Democrats, including Bernie Sanders, responded enthusiastically to the idea, but tried to morph it into a state-run national fund, a sort of state capitalism that also aligned with the aspirations of the Trump administration.[21]

The argument about destroying democracy is that AI might replace the deliberative process. But again, there is a remedy, in that AI could be used effectively to calculate how the tradeoffs implicit in individual preferences on taxation, welfare payments, etc. can be collectively managed. So it might be possible to conceive of a Minister of Finance who is an AI rather than a human. And there are also powerful applications for governance, including some of the greatest challenges facing modern democracies: for instance, tackling the surprisingly prevalent menace of political corruption. How can we be sure that anti-corruption measures are not used for partisan advantage? Albania solved this dilemma by having an AI (named "Diella," or "sunshine" in Albanian) as its Minister for Corruption.

There is thus enormous potential for preserving the framework of respect that Lincoln thought so central to democratic practice – and which is also at the heart of sustainable economic endeavor. It is not heroic in the conventional sense, and that is the point. AI may be seen as a way of reproducing Magris's modern modification of the Horatian golden mean into heroic mediocrity. For that – rather than charismatic leadership – is what a confused and confusing modern world needs.

[21] U.S. Officials Discuss Taking Financial Stakes in AI Industry. In: Wall Street Journal, June 4, 2026.

Leaders Must Swim Against the Tide of Turbulence

Kai-Ulrich Deissner

To think of our times as truly turbulent is as tempting as it is dangerous. All too easily, the notion of turbulence puts reaction above action, retreat above accountability. Whether at the helm of a company or as heads of states, leaders have a duty to raise their voice courageously against this dominating discourse, yet with a new humility and a firm foundation of values that may have been less relevant for those who led in the past, when the times did not seem turbulent, or for those modern populists who mistake their own grandeur for substance.

The invoked turbulence at the center of this discussion stems from a phenomenon in the world of physics: a fluid flow regime characterized by chaotic property changes. Structurally, it is defined by the breakdown of laminar ("streamlined," "smooth") layers into a complex hierarchy of non-linear eddies. As a consequence, turbulent flow escapes simple equations. "Turbulent times," then, must be characterized by the same breakdown of one universal causality into systemic fragmentation. Small events evidently trigger disproportionate reactions, making long-term forecasting impossible because the streamlines of history are no longer parallel. More down to earth: Everything is simultaneously moving at different speeds and directions. And we do not understand why and when and where and how. Turbulent times thus show massive upheaval, pirouettes and 180-degree turns – often unpredicted.

But unpredictable? Has causality really broken down? Fundamentally, are our times truly turbulent? Or just damn hard to understand? I will argue that leaders have an obligation not to hide behind the notion of turbulent times. Leaders must search for causality – instead of accepting readily that cause and effect have broken down. Even if it may be smaller nuggets of causality in their immediate context only, without ubiquitous relevance. And leaders must not stop predicting – instead of managing the here and now only. Even if predictions may be short-term only and fragile in nature. In essence, leaders must search for (and create!) non-turbulent islands in the seemingly vast sea of global turbulence.

Many if not all voices in business currently resort to the idea of turbulence. Based on the argument that cause and effect have indeed broken down and that predicting the future has become largely futile, they offer advice, golden rules and often their own services. Our seemingly turbulent times have materialized into a thriving business model, especially around management consultants and executive search experts: One global firm recently offered "10 enduring lessons for organizations" about "leadership through uncertainty," while another summarized things slightly more enigmatically as "What great leaders know about not knowing it all."

On the one hand, this public discourse has raised awareness and sharpened our understanding of the vicissitudes of our times. This paper is clearly informed by these thoughts and could not have been written in isolation; I am genuinely indebted to the many thoughtful essays and studies around turbulence and leadership. On the other hand, the prevalent discourse is not always disinterested, but often serves a purpose and fuels the growth of a sector that relies on these times actually being accepted as turbulent and therefore requiring a fundamentally different kind of leadership than in the past.

But leaders must swim against this tide.

Admittedly, ours is not a simple, mono-causal, linear world. For many business leaders, what they had assumed to be the stable context of their enterprise has become volatile. Regulatory frameworks, political systems, the power balance of geopolitics, business models, supply chain routes, the security architecture have been shaken and continue to quiver, perhaps falter. “The rules-based order is fading,” Canadian Prime Minister Mark Carney concluded. Calmly chronicling a “rupture in the world order,” he described an approach that would be “both principled and pragmatic,” firmly grounded in fundamental values, yet opportunistic with situational and contextual partnerships. Even if his Davos speech is truly heard, and not only applauded; even if leaders are inspired by his powerful words, and not only pay lip service; even if more countries take their signs down … even then this world will not be simple and stable. In what many consider a best case, a plurality of value systems, different centers of power and a complex spiderweb of alliances and relationships will emerge.

And so our notion of leadership is indeed questioned. Previously, great leaders were those who painted a long-term vision and paved the long and stony path to the promised land. Apple founder Steve Jobs has been universally praised as such a “visionary,” “genius” and “innovator” – a modern clairvoyant who, in the words of Michael Bloomberg, “saw the future and brought it to life long before most people could even see the horizon.”

In our times, it will hardly be possible and effective to see and foresee a promised land at the end of the rainbow and to lead a company or a country towards this bright future.

For most of us at the helm of a company or responsible for people, it will not be possible to lead in this way or effective to try. Because most of us will wake up sooner or later to a world that has performed yet another U-turn. And the laborious but stable path upwards will have turned upside down.

However, the alternative to leadership deeply anchored in a fundamental, long-term vision is not the opposite, is not flexibility and adaptability amongst and around the ever-changing energetic eddies of our times. The advocates of this concept reduce those who lead and those who may be led to a function of the course of time. Adaptability runs the risk of reducing leadership to reaction, of discouraging action, and of eroding the accountability that anchors any leader. It may even contribute to propelling those to the top who elevate themselves above others, who lead from their own grandeur, who reduce the complexity of today’s world to simplistic, often alternative facts, who talk big.

Today’s imperative is different.

Leaders must insist on and persist in the attempt to make sense and to predict. They must not declare defeat and point to turbulence for their lack of courage (or, indeed, competence). The risk of adaptability is to go with the flow only and, ultimately, to drown.

If finding one universal system of causality has become impossible, then we must search for smaller, perhaps very small systems where cause and effect can still be observed in data and draw our conclusions. To illustrate: If a uniform, global go-to market seems impossible for a company, then country-specific tactics may be the next possible lower level to establish clarity. Or, alternatively, even a differentiation by region or city. And this approach is not even new, but has long been part of the management playbook. Notably, Nestlé, the global consumer goods giant, has adopted a highly diversified approach for its KitKat brand: In Western markets, few flavors are on sale (Milk,

White, Dark Chocolate), while stores in Japan sell over 400 variants, including Wasabi, Green Tea and Purple Yam – some of them in high-end gift boxes, others at convenience outlets in train stations. Also, remember how McDonald's re-invented its core product, the beef hamburger, to respect Hindu dietary laws and to enter the Indian market with a vegetarian and chicken menu. While these examples may seem mundane, the underlying principle is powerful leadership advice as we face the disintegration of global truths: The closer you look, the more stable and reliable the many different worlds become.

Similarly for the time horizon: If predicting a ten-year trajectory has become futile, then we must make plans for the next few months, perhaps years. Again to make it tangible: Laying out a sound investment perspective for a decade may be burdened with too many unknown and changing variables, but a budget for a year may be possible. Or at least a quarterly, operational plan. This approach can also build on existing management practices. Famously, Handelsbanken, the Swedish banking group, has never used traditional multi-year budgeting and instead rigorously benchmarks its branches to achieve financial discipline and consequence management. The notorious introduction of zero-based budgeting at Kraft Heinz ten years ago – again coupled with a strict culture of accountability and intense scrutiny – may be another source of inspiration as leaders find it close to impossible to foresee long-term trends.

It is true, of course, that far-reaching plans may still be possible for a company or a country that has abundant resources to mitigate any unforeseen turn of events. For China, the long list of Five Year Plans has proven a successful model and many Chinese companies and entrepreneurs operate with a similar time horizon, perseverance and copious funds. But few will have the resources to adopt those playbooks. Even the UAE has recently woken up to a new reality: Its previously thriving business model around political stability, high standards of education, low taxation and a luxurious lifestyle is being challenged by security concerns, possibly triggering shorter-term planning priorities.

To summarize, differentiating the scope and shortening the time horizon, without compromising discipline and rigor, are potent leadership approaches also in today's world. But, one may ask, does this approach not reduce the role of the leader to a micromanager? May those who expect to be led not be disappointed and, ultimately, refuse to follow? The recent praise for Tim Cook, when announcing his resignation as Apple CEO, indicates differently. While clearly not as visionary as Steve Jobs, he has been called a "legend" by OpenAI's Sam Altman. Warren Buffett said, "Covering the world and getting along with countries with all kinds of histories and doing right by the customer, people who worked for him, certainly the shareholders … he's one of a kind." Buffett's focus on "doing right" highlights a crucial, additional element of successful leadership: Today's leaders are well advised not only to reduce the scope and shorten the timelines, but also to adopt a different, sound set of values.

In our times, it will be dangerous to uphold a position of authority, the firm belief that leaders know the truth with absolute certainty. The opposite stance may be more adequate and more effective: humility coupled with courage. Humility to say out loud "I do not know for sure" and the strength to pre-empt with "I may be wrong," yet the courage to step up and to pronounce "I do," to take fate into one's own hands. Today's difficult decisions may indeed be the lonely decisions of a single leader, but they do not come with god-like authority.

Stepping down from the pedestal of the visionary leader and embracing humility and courage has the power to create a strong sense of belonging. Leaders who adopt this approach have the chance

to create a sense of community, “to be in this together.” The reassuring proximity between the leader and those who are willing to be led is a strong binding force, the feeling of “one of us.” Honesty, authenticity and brutal openness of language are values that have the potential to transcend the antics of our times. Trust in data, technology and even artificial intelligence can be dangerous; facts may not give all the answers when patterns become discontinuous; technology can be short lived as new S-curves of adaptations arise; and hype can be a dangerous temptation. But basic human values continue to have the power to anchor leadership.

Critically, acting – and leading – from humility and courage will often require burying the past and starting something new. Even if we reduce the scope and predict only a short time span, we often need to break with history and traditions, both in business and the world of politics. Moreover, leaders should proclaim and even celebrate those endings and new beginnings openly and loudly: “From today, the world is different” is a powerful attitude if coupled with the humility to admit that we do not know everything, but we move forward. When Satya Nadella took over as CEO at Microsoft on February 4, 2014, he wrote an email to all employees and buried a proud history in a simple, powerful sentence on his first day in office: “Our industry does not respect tradition – it only respects innovation.”

When moving forward – and, I repeat, most likely with a more differentiated scope and small steps – classical management skills will be required to keep the course:

- Establish a clear set of few meaningful KPIs and milestones
- Name individuals (not anonymous organizations!) to bear accountability and responsibility
- And track progress with extreme focus and military discipline

At the same time, as you move forward, step on the brakes regularly and pause to reflect whether your micro-truths and short-term plans are still adequate. Whether truly turbulent or just difficult to understand, our times are certainly fast paced and events will often unfold quickly. The rhythm of relentless execution must not prevent true humility and the strength “to take time out” regularly. This is then not the time for answers, but the space to ask questions: At regular intervals, look at the latest facts, even if small, with brutal honesty. Try to find any flaw in the logic initially developed. And be humble and courageous enough to bury yet one more truth, abort one previously chosen path and pivot again. To borrow from everyday language: “sleep on it.”

But isn’t this what the advocates of adaptability propose, a continuous flow of flexibility? No. I am arguing for an approach that oscillates between two distinct phases:

- Nearly military style execution of short-term objectives in smaller scopes (because universal truths and long-term plans are hardly available)
- Periodic, limited, but deep reflection (to recalibrate or to pivot, but not to perish in endless questioning)

With both grounded in an attitude that embraces the humility to stay clear of long-term visions and the courage to swim against the tides of turbulence.

And this is the paragraph where I should forge my argument into a well-rounded closure, a striking image or perhaps a little-known quote from a well-known author: “We need more humility in our strength, and more courage in our humility.” Various internet searches and AI prompts delivered this beautifully succinct sentence. Yet the true significance of these words lies beneath the surface. They are attributed to one Ardfinnan. Never heard of him or her?

Ardfinnan is not even a person, but a small historic village in County Tipperary, Ireland, where the line first appeared in the community parish newsletter in the 1980s; the author is unknown. And so these words do indeed provide adequate closure: not the authoritative statement of a visionary, fearless leader, but a powerful sentence that calls for and initiates action and accountability instead of reaction and retreat.

Leading in the Artistic and Cultural Sector

Helga Rabl-Stadler

I Introduction

“The Festival as a European Agency for World Civilization” – that is the title art theorist Bazon Brock used to bestow a special honor on the Salzburg Festival at the beginning of the millennium. In doing so, he precisely captured the essence of its founding mission. For me personally, having had the privilege of serving as president of the Salzburg Festival for 27 years, this statement was far more than an intellectual tribute – it touched me very deeply.

The founders of the Salzburg Festival never viewed art and culture as a luxury, but rather as a social necessity. In the midst of World War I, during a time of destruction, nationalism and the fragmentation of Europe, they articulated a vision that went far beyond the founding of a festival. “Our Salzburg Festival Hall is to be a symbol,” they declared in 1917. “It is not the founding of a theater, nor the project of a few dreamy visionaries, nor a local matter for a provincial town. It is a matter of European culture – one of eminent political, economic and social significance.” Here, culture was understood as a force for peace, as the bearer of European identity and as a space for promoting understanding. Co-founder Max Reinhardt summed up this conviction in a sentence that remains just as relevant today as it was then: Art is not merely a decoration of everyday life, but sustenance for humanity itself.

Thus, the Salzburg Festival became a beacon in dark times. After World War II, it once again took on a political significance that extended far beyond the cultural sphere. General Mark W. Clark, commander in chief of the American occupation forces in Austria, deliberately chose the festival’s reopening on August 8, 1945 for his first major public appearance. This was his way of expressing the confidence that, with the support of the United Nations and through the strength of its cultural traditions, Austria would once again become a free and democratic country.

This shows that art can fulfill a special social role, especially in turbulent times. It provides direction, preserves our shared humanity and creates spaces that facilitate dialogue and self-understanding. This idea became lived experience for me during the COVID-19 pandemic. When the Salzburg Festival – under the leadership of Artistic Director Markus Hinterhäuser, Executive Director Lukas Crepaz and myself as president – was able to proceed in the summer of 2020 as one of the very few international cultural events taking place at all, we were concerned with far more than simply staging a festival. Our aim was to send a message: about the power of art, about social cohesion and about the conviction that culture remains indispensable even in times of existential uncertainty.

In keeping with our founders’ vision, the festival has demonstrated that art is more than just one of life’s pleasant diversions. During the pandemic, there was frequent talk of culture’s “systemic relevance.” I consider this term too narrow. Art does not keep a system alive – it shapes the society that sustains the system in the first place. It opens up new perspectives, provides meaning and facilitates interaction.

Culture should connect people and societies and create venues for dialogue. This founding principle of the Salzburg Festival is remarkably relevant in light of current economic, political and social crises. As a result, the question of how leaders in the artistic and cultural field can, under such conditions, provide guidance, maintain institutional stability and, at the same time, shape the future is more pressing today than ever before.

II How Is Leadership in the Arts and Culture Defined Today?

Traditionally, leadership in the cultural sector was understood in hierarchical terms. Artistic directors, executive managers and curators determined an institution's strategic and artistic direction. This has changed – and must continue to change – if institutions are to be successful.

Today, leadership is increasingly understood as a relational and participatory process. The concept of cultural leadership envisages leadership not only as the management of a cultural institution, but also as the cultural leadership of society. In this context, leaders assume responsibility for organizations, but also for public discourse and cultural participation.

This shift is, not least, a reaction to the numerous crises and conflicts that have come to light in recent years at the helm of cultural institutions. Debates over abuse of power, authoritarian leadership styles, precarious working conditions and #MeToo allegations have exposed the dark side of traditional leadership models. The long-held notion that directors of cultural institutions have virtually unrestricted artistic authority has come under increasing criticism. Instead of "omnipotent" artistic and executive directors, there are now calls for more transparent, accountable and participatory forms of leadership – forms that share power, enable accountability and make institutional decision-making processes more readily understandable.

Modern leadership is therefore based more on communication, cooperation and networks than on authority. Cultural institutions increasingly see themselves as open spaces for interaction, where leadership takes on the task of facilitating creative processes, promoting diversity and bringing different social groups into contact with one another.

Current research distinguishes three key dimensions of cultural leadership:

- Institutional leadership: strategic and economic management
- People leadership: motivation, communication and team development
- Self-leadership: reflection, resilience and leadership mindset

In particular, the leadership mindset is becoming increasingly important. It enables decision-making in the face of uncertainty and lays the foundation for credible leadership. At the same time, leadership today is understood less as a trait of individual charismatic figures and more as a responsible, collaborative and learning-oriented process within organizations.

III How Are Technology and Social Change Transforming Leadership in the Artistic and Cultural Sector?

Digitalization is transforming cultural production and reception in a fundamental way. Digital exhibitions, streaming services, virtual archives and artificial intelligence are expanding the possibilities for cultural outreach while creating new possibilities for participating. At the same time, they are presenting cultural institutions with crucial challenges. Artificial intelligence is already taking over certain creative and routine tasks – in graphic design, text production and research, for example – thereby transforming job profiles as well as traditional paths to learning and gaining a qualification. The related concerns about job losses, the value of artistic work and the future of creative professions are increasingly shaping discussions in the cultural sector.

Leaders must therefore not only understand technological developments but also actively engage with them. Digital skills are becoming just as important as the ability to combine innovation with the values underpinning cultural endeavors. A key leadership task is thus to take the fear of change seriously, provide guidance and support employees in harnessing the potential of new technologies for their work. The challenge lies in leveraging technological opportunities without losing sight of the authenticity of cultural experiences and the value of human creativity.

At the same time, as society changes so do the expectations people have of cultural institutions. Migration, climate change, debates on diversity and issues of social justice are increasingly causing art to be seen as a "social actor." Cultural institutions must not only present art, but also facilitate an engagement with pressing social issues. In doing so, they face the complex task of balancing their audiences' very diverse expectations. For many people, theaters, opera houses, museums and concert halls are venues for reflection, spiritual renewal, aesthetic experiences and deceleration in an increasingly fast-paced world. Others see them as spaces for social dialogue that promote discussion of current conflicts, political issues and visions of the future.

Cultural leadership must meet both of these demands. Art must not exclude social debates, but neither should it be reduced to statements on day-to-day politics or the mere reiteration of known positions. Its particular strength lies instead in translating the political into an artistic form that facilitates provocation, reflection and empathy. Art cannot replace politics; it creates spaces in which people can perceive and discuss complex social issues anew. Precisely this allows it not only to engage with its audience intellectually, but to reach them emotionally as well.

Leadership in the cultural sector must therefore be flexible, geared toward learning and capable of transformation. Above all, leadership today means managing uncertainty productively, developing change processes collaboratively and making organizations resilient during and after crises.

IV What Kinds of Leadership Do Cultural Institutions and Artistic Communities Need in Turbulent Times?

In these turbulent times, it has become clear that traditional hierarchical leadership models are no longer sufficient. Instead, a variety of leadership approaches are gaining importance.

Transformative leadership inspires people through shared visions while actively supporting change processes. In the cultural sector, this means fostering innovation and ensuring institutional stability.

Participatory and distributed leadership makes it possible for several people to share responsibility. Many cultural institutions operate on a project-based and interdisciplinary basis; leadership in these settings often emerges situationally and collectively.

There is particular discussion surrounding the co-leadership model, in which artistic and administrative managers work together as equals. Ideally, this allows for a better dovetailing of creative and economic perspectives.

Furthermore, ethical leadership is gaining in importance. Cultural institutions today must actively address issues of diversity, sustainability and social responsibility.

Turbulent times therefore call for leaders who can think strategically while acting with empathy.

V How Can Leaders in the Cultural Sector Strike a Balance Between Creativity, Responsibility and Social Relevance?

A key challenge of cultural leadership is to preserve artistic freedom while also fulfilling social responsibilities. Art thrives on openness, experimentation and criticism; institutions, however, must be economically viable and viewed as legitimate by the public.

Leaders are therefore faced with the challenge of creating spaces for taking creative risks without jeopardizing institutional stability. This requires a culture of trust in which innovation is encouraged and mistakes are viewed as learning opportunities.

Social relevance arises not only from political stances, but also from the ability to surface different perspectives and create spaces for dialogue. Leadership in the cultural sector therefore means mediating between aesthetic autonomy and social engagement.

The conductor Nikolaus Harnoncourt described art's special significance by saying that it "insures our humanity." This perspective shows that culture not only generates economic benefits but also makes a fundamental contribution to a democratic society.

VI What Business Leaders and Policymakers Can Learn from Artists

Today's crises – geopolitical conflicts, climate change, technological disruptions, social polarization – make it clear that leadership now requires far more than efficiency, planning and control. It is precisely here that business leaders and policymakers can learn from artists and others in the cultural sector.

Artists have always worked under conditions of uncertainty. They rarely have all the information at their disposal; they are constantly navigating the unknown, yet continue to develop new perspectives, images and ways forward. While many organizations strive to reduce complexity, art's unique ability lies in its capacity for tolerating ambiguity and making the future conceivable before it seems feasible.

In a letter to Hans Werner Henze, Ingeborg Bachmann articulated with remarkable clarity this role played by art. History is like a steamroller, she wrote, yet the strength of artists lies precisely in their refusal to submit to the status quo, but rather in their ability to think beyond it. Art emerges where existing realities are transcended and new possibilities are conceived. "We, the artists, are here to put the pragmatists in their place and to champion and defend a few worthy causes. And they are absolute, even though they have sprung solely from our minds: the concepts of justice, truth and freedom."

This offers an important lesson, especially for leaders in business and politics: The future is not shaped solely by analyzing the available data, but by the ability to imagine what does not yet exist. Innovation begins with imagination.

This ability is also becoming increasingly important in light of today's major transformational challenges. Social change cannot be achieved through regulations, rules or moral appeals alone. People do not alter their behavior at the push of a button. Those who seek to enforce change solely through pressure and prohibitions risk provoking resistance and social division. Sustainable transformation arises when people are emotionally engaged, when new visions of meaning, quality of life, and the future emerge. Art possesses the unique ability to create spaces where such things

can be experienced. It appeals not only to the intellect but also us as people, as sentient and sensory beings. Precisely for this reason, it can be a crucial ally in efforts to shape society's future.

For leaders, this means that successful transformation is not merely a management or governance issue. It is always a cultural process as well. Anyone who wants to motivate people to change must not only explain but must also inspire.

Yet effective leadership always begins with oneself. Research and everyday life have consistently shown that successful leadership has several key prerequisites: resilience, reflection, the willingness to assume responsibility and the ability to consciously manage uncertainty. Artists, in particular, must learn to cope with rejection, error and failure. Creativity always involves the risk of failure. Hardly anyone has articulated this often brutal truth as succinctly and aptly as Nobel Prize laureate Samuel Beckett: "Ever tried. Ever failed. No matter. Try again. Fail again. Fail better." A saying which reminds us that progress happens not in spite of failure, but through it.

Through this process, artists develop skills that are becoming increasingly important for leaders in business and politics as well: self-reflection, inner stability, creative problem-solving and the ability to take action even in the face of uncertainty.

Art thus reminds leaders of an often-overlooked truth: Not every future can be planned, but every future can be shaped.

Peter F. Drucker put it aptly: "There are risks you cannot afford to take, and there are risks you cannot afford not to take." Art and culture show that progress always occurs when people have the courage to venture into uncharted territory without knowing the outcome in advance.

Artists are therefore not merely producers of cultural goods. They serve as role models for a leadership style that combines creativity with responsibility, freedom with integrity, and courage with sustainability. In a time of profound upheaval, we need this perspective more urgently than ever.

VII What Art and Culture Can Learn from Business and Politics

As justified as the question is of what business and politics can learn from art, the reverse perspective is equally interesting: What can art and culture learn from business and politics?

First and foremost, we must set a clear boundary. Art must never derive its justification from its profitability. The artistic process follows its own logic. Artists must pursue their own path, despite resistance, expectations or market trends. The Austrian theologian Otto Mauer succinctly summed this up: "Art does not come from ability, but from necessity." Similarly, Ingeborg Bachmann understood the role of art as an insistence on truth, freedom and intellectual independence in the face of constraints imposed by the merely expedient.

Precisely for this reason, however, it would be simplistic to assume that art and culture have nothing to learn from other sectors of society. Today, cultural institutions operate in an environment marked by growing competition for attention, increasingly scarce resources and shifting audience interests. To that extent, experiences from the business and political spheres can offer valuable insights.

First and foremost, this involves fostering a sense of acceptance. Politics thrives on winning people over to ideas, building majorities and promoting trust. Cultural institutions, too, can only fulfill their

social role if they enjoy the public's support. Artistically, it is not enough to produce quality; quality must also be communicated.

Similarly, the cultural sector can learn from the speed and adaptability with which companies respond to new developments. Technological innovations, changing forms of communication and new audience expectations often require faster responses than traditional cultural institutions are accustomed to.

Finally, we can also deepen our understanding of different target groups and social milieus. Successful companies know they cannot lose sight of their existing customers if innovation is to have a lasting impact. Similarly, cultural institutions face the challenge of appealing to new groups without losing their core audience. The future of cultural institutions will depend largely on whether they succeed in remaining open to what is new while cultivating long-standing ties. As the Salzburg Festival has demonstrated, success in the cultural sphere happens when tradition and innovation are not viewed as opposites. Cultural institutions are most successful when they strive to be both guardians of tradition and trendsetters, when they preserve their heritage while simultaneously providing artistic inspiration that resonates far beyond time and place.

This is one of the key responsibilities cultural leaders have. Outreach, artist talks, educational programs, friends' associations, and formats that facilitate interaction between creatives and the public will become even more important in the future – not as a way of making art conform to market demands, but to anchor it more firmly in society.

The challenge, therefore, is not to subject art to the rules of the market or politics. Rather, it is about learning from the experiences gained in those spheres without compromising one's own mission. Artistic freedom and social resonance are not opposites. At their best, they complement one another and lay the groundwork for art to continue fulfilling its indispensable role as a facilitator of freedom, reflection and imagination.

VIII How Are Leaders in the Artistic and Cultural Sector Responding to Increasing Economic and Political Pressure?

Cultural institutions are facing increasing pressure in terms of budgets, legitimacy and competition. Public funding is becoming scarcer, while expectations regarding efficiency and measurability are rising.

The history of the Salzburg Festival serves as a prime example of how culture can also generate significant economic benefits. Cultural organizations create jobs, promote tourism and strengthen regional identity. Nevertheless, culture must not be justified solely on the basis of economic indicators.

Successful leaders respond to these challenges primarily by taking action in three strategic areas:

1. Diversifying funding models

Public funding remains the bedrock of many cultural institutions. However, in light of rising costs and growing competition for public resources, it is becoming increasingly important to tap into additional sources of financing. Sponsors, patrons and private donors are often still viewed as a necessary evil, particularly in the European cultural scene. Professional sponsorship, however, not only provides financial leeway for artistic projects but can also root the arts and culture more deeply

in society. Carefully selected partnerships foster acceptance, increase visibility and make it possible to realize programs that often could not be financed by public means alone.

2. Building strategic partnerships

Today, partnerships are among the most important management tools in the cultural sector. Major exhibitions are increasingly developed jointly by several museums, and opera and theater productions are often realized as co-productions between different institutions. Such partnerships reduce costs, pool expertise and increase sustainability in meaningful ways. At the same time, regional collaborations with tourism organizations, educational institutions, businesses and civil society actors can raise awareness, strengthen the public's ties to cultural institutions and generate additional economic momentum through cultural tourism.

3. Developing new target audiences

Numerous studies show that cultural institutions often reach only a relatively small and socially homogeneous segment of the population. At the same time, the educated middle class is losing its longstanding relevance as a leading cultural group. This development poses risks, since a decline in social anchoring can, in the long run, also weaken the political legitimacy of providing public funding for cultural offerings. Successful cultural managers therefore invest strategically in outreach programs for different age brackets and social groups, while expanding friends' associations and creating low-threshold access to art and culture. Such initiatives attract new audiences, thereby increasing the institutions' social relevance and strengthening their financial base. The Salzburg Festival, for example, receives more than €2 million annually to support its program through its friends' association – an amount that significantly exceeds the contributions of many major sponsors.

At the same time, cultural leaders must defend artistic independence against political and economic interests. Leadership in turbulent times therefore means not only managing resources, but also safeguarding cultural values, such as freedom, pluralism and openness.

History shows, however, that times of crisis – and even times of war – are not necessarily "bad" times for art and culture. It is precisely under conditions of external threat that cultural practices often take on a special social significance: They foster a sense of community, preserve dignity and open up spaces for hope and self-assurance. In *The World of Yesterday*, Stefan Zweig impressively describes the power that art can exert in times of extreme hardship:

For lack of coal the streets were only dimly lit and people had to grope their way through; gallery seats were paid for with a bundle of notes in such denominations as would once have been sufficient for a season's subscription to the best box. The theatre was not heated, thus the audience kept their overcoats on and huddled together, and how melancholy and grey this house was that used to glitter with uniforms and costly gowns! There never was any certainty that the opera would last into the next week, what with the sinking value of money and the doubts about coal deliveries; the desperation seemed doubly great in this abode of luxury and imperial abundance. The Philharmonic players were like grey shadows in their shabby dress suits, undernourished and exhausted by many privations, and the audience, too, seemed to be ghosts in a theatre which had become ghostly. Then, however, the conductor lifted his baton, the curtain parted and it was as glorious as ever. Every singer, every musician did his best, his utmost, for each had in mind that perhaps it might be his last time in this beloved house. And we strained and listened, receptive as never before, because perhaps it was really the last time. That was the spirit in which we lived, thousands of us, multitudes, giving forth to the limit of our capacity in those weeks and months and years, on

the brink of destruction. Never have I experienced in a people and in myself so powerful a surge of life as at that period when our very existence and survival were at stake.

Here, art is not seen as a luxury enjoyed in peaceful times, but as an existential human need. Historical examples range from film festivals in besieged Sarajevo to concerts in war-torn Kyiv, to the Vienna Philharmonic's first performances in May and June 1945, immediately after the end of World War II. It is precisely in moments of social upheaval that culture becomes a space for resilience, remembrance and envisioning the future. Leadership in the cultural sector therefore also means creating and protecting such spaces even under the most adverse conditions.

The COVID-19 pandemic also showed that crisis management requires, above all, composure, confidence, transparency and decisive action. Leadership is – in the words of Peter Drucker – a "foul-weather job".

IX What Role Can Leadership in the Arts and Culture Play in Shaping Public Discourse and Collective Identities?

Art and culture have a lasting impact on social narratives and collective identities. Museums, theaters and festivals are places where society's self-perceptions are debated and visions of the future are developed.

Leaders in the cultural sector thus play a central role in society. They help determine which voices are heard, which stories are told and which viewpoints are incorporated into the public discourse.

Art and culture cannot provide simple solutions to the complex problems of our time. Nor is it their role to draft political-party platforms or to echo positions on everyday political issues. This is precisely where their particular strength lies. While policymakers are often under pressure to provide quick answers, artists can create spaces in which questions can be posed once again. Art opens up fresh perspectives, reveals contradictions and makes it possible to question received ideas.

In an age of hasty judgments and growing polarization, the social role of art is therefore less about providing answers than about improving the quality of the questions. It creates the venues needed for thinking and feeling in which people can reexamine complex realities. As a result, leadership in the cultural sector also means protecting and facilitating such spaces for open discourse.

Leadership thus becomes a democratic practice in the cultural sphere: It creates the conditions for cultural participation and strengthens society's ability to cope with uncertainty and change.

X Conclusion

Leaders in the artistic and cultural sector face complex challenges today. As these turbulent times have clearly shown, leadership goes far beyond administrative tasks: It also involves building relationships, fostering creativity, assuming social responsibility and developing resilient institutions.

The future of cultural leadership lies less in hierarchical models and more in approaches that are collaborative, ethical and transformative. Cultural leadership combines economic agency with cultural meaning and democratic responsibility.

Especially in times of social uncertainty, art and culture must once again play a more active role in democratic education. For decades, liberal democracy was taken for granted. After the end of the Cold War, the prevailing belief was that democracy, the rule of law and the free market economy had permanently established themselves as the model for a free society. Today, we are witnessing the opposite: Democratic institutions are accorded less of the public's trust, authoritarian movements are gaining support and polarization and disinformation are shaping social discourse.

That is precisely why art and culture bear a special responsibility. Like the court jesters of old, they should hold up a mirror to society, make dissent possible and encourage people to question purported certainties. They create the spaces in which people learn to tolerate ambiguity, perceive other perspectives and grapple with what is needed to coexist in a democratic society.

Democracy is much more than a political system. It is the foundation for freedom of expression, freedom of the press, human rights and cultural diversity. Where these foundations erode, art, too, forfeits its freedom.

The founders of the Salzburg Festival did not view culture as a luxury, but as a social necessity. This conviction remains just as relevant today. Especially in a time of growing polarization, we need spaces that do not divide people but bring them together, that do not promote oversimplification but understanding, and that do not dictate answers but encourage people to think for themselves. When art and culture create such spaces, they strengthen the foundation of a free and democratic society.

In this sense, Hugo von Hofmannsthal's conviction takes on greater significance than ever: Culture is not merely an expression of society, but one of its essential prerequisites.

Multilateralism in Transition: Leadership in Our Multipolar World

Henry Huiyao Wang

The multipolar world is here. We live in an era of intensifying great-power competition, yet despite powerful pressures towards fragmentation, interdependence has not disappeared. If anything, the networks connecting the world through trade, finance, technology, migration and digital connectivity have continued to deepen even as governments have become increasingly wary about the possibilities they represent.

I Transformation of Globalization

This is one of the defining paradoxes of the emerging international order. Since the US–China trade war began in 2018, tariffs, sanctions, export controls, investment screening and industrial policy have proliferated. Russia's invasion of Ukraine and the sanctions that followed accelerated this trend, while for a period governments across the world have increasingly spoken of decoupling, friend-shoring and de-risking. Yet the result has not been the wholesale reversal of globalization.

Instead, globalization is changing form as countries are merely changing dance partners rather than leaving the dance floor. The growth of "China+1" manufacturing provides a particularly revealing example. Production has expanded in countries such as Vietnam, Mexico and India as firms seek greater resilience and access to different markets, yet many of these new production networks remain deeply embedded in our networks of interconnection – with connections to Chinese capital, components, machinery and intermediate goods.

At the same time, the networks underpinning globalization have become increasingly securitized. Semiconductors, critical minerals, energy, payment systems, shipping routes, data, and advanced technology sourcing are no longer solely economic questions. The same interdependence that generates extraordinary efficiencies can therefore also create anxieties that states seek to protect themselves against.

The danger is that states respond to this new equilibrium by repeatedly weaponizing the very networks upon which they collectively depend. The experience of recent years, particularly between the United States and China, has already demonstrated where that path leads: to mutually assured disruption that cycles us back to where we started, but leaves us poorer than we would have been except for the experience. Nowhere have the costs of this mutually assured disruption been clearer than in relations between the United States and China. Since 2018, the world's two largest economies have experimented with tariffs, export controls, investment restrictions and technological barriers intended to reduce vulnerabilities or gain leverage over one another. Yet each round of disruption has generated adaptation and retaliation without removing the fundamental interdependence between the two countries.

II Leadership in a Multipolar World

Now a new equilibrium is emerging. President Trump's May visit to Beijing demonstrated the limits of strategic rivalry and economic decoupling and provided an opportunity to move beyond the trade-war dynamic that has characterized much of the relationship since 2018. We have thus moved towards strategic stability and Olympic-reminiscent competition, as the summit established a new floor in relations that could be the springboard for the larger multilateral system to shift from the previous near decade of mutually assured disruption to mutually assured construction. With a new

constructive strategic stability providing the basis from which the two countries can manage their differences while identifying areas where their interests converge.

At the same time, however, the United States and China are not the only actors in our emerging international system. The world around them has become more multipolar, and the leadership required to sustain stability will consequently have to come from a much wider range of actors.

To understand where that leadership can come from, we must first understand the international system as it currently stands. At its center remain the United States and China, trailed closely by the EU in a loose G3 array. The former two are comprehensive and unitary poles, combining economic, technological, diplomatic and military power on a scale that gives them an exceptional capacity to shape the international environment. Yet the system is not bipolar.

The European Union is perhaps the clearest example. It lacks the same political unity and comprehensive military power of either the United States or China, but its enormous common market, regulatory power, and capacity to set standards give it considerable independent influence. From digital regulation and competition policy to climate standards and trade, decisions made in Brussels are shaping the behavior of governments and companies far beyond Europe. The EU therefore constitutes another important anchor pole, even if it is not a comprehensive pole in the same sense as the United States or China.

Similarly, the rest of the world is not rushing to repeat the Cold War; rather than consolidating around two opposing camps, an attendant unaligned movement is instead distributed across several overlapping centers. Each center possesses different sources of influence and varying degrees of autonomy that undermine an attempt to establish the dividing lines and cleavages so evident during the Cold War.

And this movement is consequential: There are two new emerging loci of power in the system, the Global South via BRICS and the middle powers as a collective.

The middle power grouping includes countries such as Canada, Brazil, Turkey, the United Kingdom, Indonesia, Japan and South Korea. Countries that are not powerful enough individually to determine the structure of the international system, but neither are they marginal players. They are no longer geopolitical sleepwalkers, passively tied to the unipolar moment. Instead, these powers have over the past decade gradually awoken to the fact that while they lack the ability to anchor a corner of the current system unilaterally, they can and must be ready to act in their own collective interest. Too small go it alone but powerful enough to work together to balance, hedge and act as custodians of the global system, they are increasingly forming a diffuse pole of informally associated nations that is not content with the old system of a singular relationship at Washington’s behest, nor willing to simply migrate to Beijing either.

Instead, they are pursuing flexible, interest-based partnerships, aligning with different powers on different issues and cooperating among themselves where their interests converge. Today they are the custodians and most invested defenders of the multilateral systems that enable their prosperity and freedom of maneuver. They wield collective influence, diplomatic networks, regional leadership and the ability to assemble coalitions, or hedge as the source of their power.

Similarly, while the Global South is too diverse to be understood as a coherent geopolitical bloc in and of itself, BRICS, on the other hand, can be. As a more focused format, it is becoming an increasingly important platform through which much of the Global South seeks commensurate representation in the global order and influence. It is closely connected to China, which is one of its principal members, but neither synonymous with it nor organized under Chinese direction. Its members retain distinct political systems, strategic priorities and relationships with their own directions. BRICS, much like the middle power grouping, is thus a diffuse pole united by interest and a platform through which emerging economies can coordinate selectively, develop new institutions and press for a greater role in shaping global governance. And much like the middle powers they do not have the scale to go it alone, instead they benefit from, and are willing to buttress the global order in return for fair representation.

What is emerging is a more complicated multipolar equilibrium in which different actors possess different forms of power, and in which leadership increasingly depends not simply upon the ability to compel others to follow, but upon the ability to build coalitions across these overlapping centers of influence.

Perhaps the most interesting manifestation of leadership right now is coming from the middle powers. This has perhaps been most recently embodied by Canadian Prime Minister Mark Carney's speech at Davos in early 2026.

But this impulse is not new, it's been growing for over a decade. One of the greater successes and testaments to the middle powers as actors in their own right invested in defending multilateral systems is the Comprehensive and Progressive Transpacific Partnership. Originally negotiated as a US-led free trade agreement meant to compete with China's growing influence and trade throughout Asia, the US's withdrawal very well could have sunk the agreement. But rather than let it fall to the wayside, the middle powers stepped up and renegotiated it.

This was a powerful step towards middle power leadership and custodianship of an open international system. With interests not premised on balancing against either the United States or China outright, but in preventing competition between them from narrowing the choices available to everyone else.

III Reimagining Multilateralism

This more distributed system does not, however, diminish the need for multilateralism. It strengthens it. If anything, a world with more independent centers of power requires stronger mechanisms through which their competing interests can be reconciled.

Thus, we must come to the topic of reform rather than abandonment. The universal institutions created after the Second World War, particularly the United Nations and the WTO, remain indispensable, but many still reflect an earlier distribution of economic and political power. They must become more representative of the world they now serve, while recovering the capacity to act on problems that increasingly cross national borders.

The exact shape of reforms to come may vary, but most pressing is the need to reform the UN Security Council to make it more representative of our present era and strengthen its function. One model for broader representation already exists in the G20. Its members account for over 85 percent of global GDP and have demonstrated their ability to coordinate multilateral responses to some

of the world's most pressing economic challenges. Building on this model, the G20 members, including both the African Union and the European Union, would become the new basis for an expanded Security Council. This would see the creation of 16 new permanent associate seats. These new members would not have an individual veto, but together with the other four permanent members, they could override the use of a unilateral veto, ensuring that a single veto could no longer halt an otherwise universal consensus. This both tackles representation and provides an avenue to restrict the power of the veto while keeping it meaningful enough for the major powers to remain engaged.

Beyond reform, we must also recognize that the universal institutions need not carry this burden alone. What is emerging around them is a denser architecture of regional frameworks, minilateral arrangements and issue-specific coalitions. ASEAN, RCEP, the G20, BRICS and other groupings bring together different combinations of countries around areas where their interests converge. Rather than viewing this proliferation as evidence of fragmentation, it can become an important source of resilience. Regional globalization can provide a bridge between national and global governance, while coalitions of the willing can make progress where universal consensus remains difficult.

This is particularly important because many of the greatest challenges confronting the emerging order do not fit comfortably within institutions designed 80 years ago. Artificial intelligence, cross-border data flows, climate change, pandemic preparedness and the governance of the global commons all require forms of international cooperation that remain incomplete or, in some cases, barely exist. Here leadership will depend upon the capacity not simply to defend existing institutions, but to build new mechanisms where they are needed.

The objective should therefore be neither a single centralized system nor a collection of competing blocs. It should be an international architecture capable of accommodating our differences while creating enough stability for countries to identify and act upon their shared interests.

This is where the transition from mutually assured disruption to mutually assured construction acquires its wider meaning. Mutually assured construction does not require countries to agree on everything. Its purpose is to create a stable international environment in which disagreement in one area does not foreclose cooperation in another, where countries can align on the merits of a proposal and where states retain both the institutions and the political space necessary to act together when their interests converge.

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Leadership in the New Space Age

Irene Braam

Once the realm of scientific exploration and national prestige, space has become a defining arena of strategic competition, economic opportunity, and national security. From low Earth orbit to the lunar surface, the United States, China and a host of other nations and commercial actors are racing to gain advantages in space that will bolster their influence on Earth. In this rapidly changing environment, the central question is whether governments, companies, and civil society can provide the effective leadership and sound governance needed to ensure that the growing space race fosters collaboration, innovation and delivers benefits for all humankind.

This contribution was developed in close cooperation with the Bertelsmann Foundation North America. Its transatlantic perspective and fellowship network helped bring together voices with first-hand experience in space policy, technology, law, foresight, and innovation. By connecting these perspectives with the broader leadership agenda of the Liz Mohn Stiftung and the Salzburg Trilogue, the Bertelsmann Foundation North America helps translate lessons from the space sector into insights with relevance far beyond it. The interviews that follow explore what leaders in politics, business, science, and the arts can learn from one of humanity's most demanding and rapidly evolving domains. All interviewees are Bertelsmann Foundation Fellows – Class of 2025.

I François Buffenoir, Technical Director, Way4Space

Space exploration thrives on making the seemingly impossible possible. How do leaders succeed in combining the courage to take risks with innovation?

Space is unforgiving. Once a spacecraft has been launched, repairs are rarely possible. A minor flaw can turn a multimillion-dollar satellite into space debris. The consequences are even greater in human spaceflight, where the slightest error can put lives at risk. Space engineers know that every uncertainty must be identified, understood, and controlled. Even those who had "the right stuff" took extensive precautions. At the same time, the space sector is facing growing commercial and strategic competition. No company can expect to remain relevant without accelerating innovation. Space leaders are therefore confronted with the difficult challenge of balancing innovation and risk.

First, they must know where and when to take risks. Although the motto "fail fast and learn" has become the hallmark of many innovative space companies, it is valuable only if failure occurs in the right place. Great leaders set ambitious goals and create an environment in which teams can experiment early, speak openly about uncertainty and challenge established assumptions. But they also know the difference between a failure from which they can recover and learn, and one that would be catastrophic.

These leaders combine an entrepreneurial mindset with technical knowledge. They understand the constraints of technology, listen to experts, and recognize what remains uncertain. They know that accepting some risk is unavoidable in order to innovate, but they also know how to move it to a place where it can be explored safely. Simulation, prototyping and testing on the ground generate knowledge, which will reduce the risk carried into flight. In that sense, a leader's task is to turn uncertainty into knowledge before it reaches the operational system. Moreover, they are prepared and willing to take responsibility for difficult decisions.

In space, successful leadership means being bold enough to test, disciplined enough to learn and humble enough to acknowledge uncertainty. Ultimately, leaders have got to know their limitations.

II Howard Chang, Deputy Assistant Attorney General, U.S. Department of Justice

In space, small mistakes can have serious consequences. What role do trust, communication, and a culture of learning from mistakes play in space exploration - and what lessons can leaders in politics, economics and arts draw from this?

On my first day at NASA, I walked into my office and saw just one item on my desk: a copy of the Columbia Accident Investigation Board's report. My center's Chief Counsel had placed it there as the first document I should read. Looking back, it was a deliberate gesture to signal that, as much as NASA celebrates its successes, true progress comes from learning honestly and rigorously from its mistakes. Leading a great organization, capable of inspiring generations, requires acknowledging failures, understanding them, and putting safeguards in place to prevent future mishaps—or, in this case, to save future lives.

On February 1, 2003, Space Shuttle Columbia was destroyed in a disaster that claimed all seven lives of its crew. That day was an occasion for mourning, but the immediate and subsequent efforts should be a point of national pride. NASA publicly informed the nation about the tragedy, and, within mere hours, the Columbia Accident Investigation Board was established – in accordance with NASA procedures stemming from the Challenger accident 17 years earlier.

NASA owned up to the organizational causes of the Columbia accident. These were undoubtedly embarrassing things for a storied agency to admit: compromises required to gain approval for the Space Shuttle Program, subsequent years of resource constraints, fluctuating priorities, schedule pressures, mischaracterization of the Shuttle as operational rather than developmental, and the lack of an agreed national vision for human space flight. While there was a major physical cause, the agency examined itself to create systemic recommendations so that future generations could safely and reliably operate for human spaceflight.

This decision strengthened NASA's safety culture, and it built a lasting culture of trust, communication, and learning from mistakes. NASA's public approval is consistently among the highest of any federal agency, with 80% of Americans polled in 2026 expressing a favorable view.

These lessons extend beyond human spaceflight; transparency and ownership are respected across disciplines and industries. And leadership does not require a crisis. Sometimes, it can simply be welcoming a new hire with a symbolic report.

III Marios Dafnomilis, Advisor, Strategic Foresight, Presidency of the Hellenic Government

The International Space Station (ISS) is considered one of humanity's most successful international cooperation projects. What leadership principles make such cooperation possible despite differing interests, cultures, and political tensions - and what can politics, business, and arts learn from this?

What keeps the ISS together isn't diplomacy. It's leadership that understands interdependence has to be engineered, not requested. One partner's modules run on propulsion built by another. One crew breathes air kept flowing by systems another partner built. Someone had to decide, early and deliberately, that no side would ever be self-sufficient enough to be able to just walk away. That's a leadership choice as much as an engineering one.

The second skill is knowing when to keep politics out of the room. Mission control kept talking through wars, sanctions and diplomatic freezes because someone drew a hard line protecting the technical relationship from the political one. That's not neutrality, it's a deliberate act of leadership, deciding in advance what will never be allowed to become a bargaining chip.

The third skill is restraint. Leaders agreed on one narrow thing, keep the station running and keep the science going, and had the discipline not to reach for more. Not shared values, not a shared worldview, just a shared task. That takes more leadership than chasing a grand unified vision, because it means resisting the temptation to solve every disagreement instead of just the one at hand.

The fourth is refusing to consolidate power even when it would be easier. No one partner controls the whole system. That constant negotiation is slower and more frustrating, but it's a leadership decision to keep everyone genuinely necessary rather than letting one party dominate.

None of this happens by accident. It's leadership that builds structures where continued participation costs less than leaving, protects some core function from politics, resists overreach, and shares power even when monopolizing it would be simpler. Apply that anywhere, a government coalition, a company, a cultural project, and the same skills transfer. What doesn't transfer is the hope that goodwill alone will hold something together.

The uncomfortable part is that even good leadership has had help here, since failure would be enormous and visible to everyone. Most projects don't have that gravity pulling people back to the table, which means leaders elsewhere have to build the discipline in on purpose, without the built-in stakes the ISS had for free.

IV Diego Guerra, Principal Telecommunications Systems Lead, Blue Origin

The planned return to the Moon and the long-term vision of colonizing other celestial bodies are projects that span generations. What kind of leadership is needed to inspire people to work toward a common goal over decades, even though many will never live to see its success?

The return to the Moon and the long-term settlement of other celestial bodies are projects whose horizon extends beyond any single career, government, or generation. Like the builders of medieval cathedrals, many of those who lay the foundations will never see the finished work. Leadership on this scale cannot depend on individual charisma or electoral cycles. It must be based on long-term planning built around ambitious scientific programs that use the excitement of space exploration itself as a source of motivation strong enough to survive the inevitable periods of geopolitical turmoil.

But vision alone is not enough to sustain decades of effort. Leaders and governing agencies must also deliver intermediate technological fallout from the same research that will one day enable colonization, so that a medium-term vision supports the long-term one. The first decades of the space age already proved this. Technologies that once seemed unrealistic and extremely expensive started to change everyday life within a generation: GPS now supports global navigation, logistics, and finance; earth observation transformed weather forecasting and disaster warning; satellite communications connected the most remote parts of the planet. None of these were the goal, they were the fallout of pursuing the goal. The road to the Moon and Mars will be no different. Research into life support systems, the use of local resources, radiation protection, autonomous robotics, and compact power systems will bring benefits for medicine, agriculture, energy, and the environment long before the first permanent settlement exists. Good leadership makes these returns visible and deliberate, so that each generation sees its own concrete benefit from a journey it will not complete.

How we govern the endeavor also matters. Effective diplomatic action based on soft law, norms, guidelines, and standards of responsible behavior, can keep dialogue open among polarized space powers, and entities like the United Nations can serve as a natural forum. Moreover, once the lunar and space resource economy matures, commercial actors and states will push each other toward responsible conduct through economic and licensing incentives.

In the end, norms, spinoffs, and incentives are only tools. The true Alpha and Omega is the shared excitement of space exploration, the force that binds generations to a goal that many will never see completed, but that all can call their own.

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