In essence, the heart of the leadership challenge that confronts today’s leaders is learning how to lead in situations of ever greater volatility and uncertainty in a globalized business environment, allied with the needs to deal with scale, complexity and new organizational forms that often break with the traditional organizational models and structures within which many have learned their ‘leadership trade’. So the basic assumption that past experience is the key to future leadership success is more open to scrutiny than ever.”

—Prof Sattar Bawany (2014)

Abstract: How do organizations become high-performance organizations? Research and experience indicate that there are many factors that can contribute toward the development of a high-performance organization including but not limited to the mission; shared values; organizational design and structure; people, engagement, and culture; and leadership.

Increasingly, companies are recognizing that leaders who demonstrate high emotional and social intelligence competencies are crucial to their organizational effectiveness. They must be able to impact and influence others to follow them and help them implement. This is the essence of leadership in a high-performance organization (HPO).

In this article, we will focus on the leadership as the key driver of financial and operational performance as well as an enabler for companies to execute their strategy and achieve success.

Keywords: High Performance Organization, Emotional and Social Intelligence, Leadership Styles, Leading Teams, Organization Effectiveness, Results-based Leadership, and Employee Engagement
Developing a High-Performance Organization in a VUCA World

**INTRODUCTION**

Today’s businesses face unprecedented challenges operating in a global environment that is increasingly volatile, uncertain, complex, and ambiguous (VUCA). Leaders are also confronted with increased competition, globalization, demand for growing social responsibilities, and a stream of technological revolution causing disruption in the marketplace. Hence leaders need to challenge their mental models in their efforts to build and sustain a high-performance organization (HPO) (Bawany, 2018).

A “can-do and true believer” mentality pervades HPOs. Everyone believes in the vision and mission and aligned as well as demonstrates the values of the organization. People put the organization above themselves, team, or department as they believe that they are involved in something bigger than simply their self-interest. They have a strong sense of purpose and values as well as they identify with the organization and act as if they were owners. Great examples are employees of Disney, Southwest Airlines, and Starbucks just to name a few. They have a reason to work and it shows in each and every day. That’s the hallmark of successful HPOs. But what or who is impacting these employees’ behaviors?

Today’s turbulent business environment demands that individuals and organizations perform at higher levels and with greater speed than at any time in the past. Organizational leaders and employees alike must place a new emphasis on developing an open and trust-based relationship that will lead toward the development of a positive organizational climate and organizational success.

Aligning people is about generating awareness and understanding of the differences between individuals in the way they prefer to work and the way they make decisions or manage relationships. By creating a common understanding, a common sense of purpose and a shared commitment to action evolves. Organizations need leaders to visualize the future, motivate and inspire employees, and adapt to changing needs of both the internal and external stakeholders.

In essence, the heart of the leadership challenge that confronts today’s leaders is learning how to lead in situations of ever greater volatility and uncertainty in a globalized business environment, allied with the needs to deal with scale, complexity, and new organizational forms that often break with the traditional organizational models and structures within which many have learned their leadership trade (Bawany, 2015).

**CHARACTERISTICS OR PROFILE OF HIGH-PERFORMANCE ORGANIZATIONS**

In 1982, when Tom Peters and Bob Waterman produced *In Search of Excellence*, the idea of comparing, identifying, and analyzing the best-performing organizations came into vogue (Kirby, 2005). Since that time, many studies have used comparison techniques to try to tease out what sets HPOs apart. For example, in *Built to Last*, Jim Collins (1994) took a somewhat similar approach.

But the goal of identifying the most durable high performers through the art of comparison is a difficult one to achieve. One of the problems is that sustaining high performance is a major challenge for any organization across all industries. Many business leaders bought *In Search of Excellence* and *Built to Last* in droves and trying to adopt the practices of many of the profiled companies; however, interestingly the same organizations were unable to sustain high performance.

HPOs are the role models of the business world. They are being benchmarked by other organizations as they provide or represent real-world versions of a modern managerial ideal: the organization that is so excellent in so many areas that it consistently outperforms most of its competitors in the same industry over extended periods of time.
Developing a High-Performance Organization in a VUCA World

Leaders want to know more about HPOs so they can apply the best practices approaches or lessons learned to their own companies. Of course, the goal is to ensure that their own organizations excel in the marketplace.

Over the years, researchers have been trying to identify and study HPOs for years. Much has been learned during this time. As Julia Kirby (2005) noted in the Harvard Business Review, management experts continue to build on one another’s work in order to formulate more sophisticated ideas about organizational performance.

The various published research including that of André A. de Waal (2007) and American Management Association (2007) Report on “The High-Performance Organization Survey 2007” provides insights into the characteristics of HPOs. Generally speaking, HPOs are superior to their low-performance counterparts in the following areas:

1. **Strategy**
   a. They define a strong vision that excites and challenges, which is based on a winning strategy or big idea and which is continuously propagated. Their strategies are more consistent, are clearer, and are well thought out. Their mission, vision, values, and operating philosophies are consistent with their strategies.
   b. They balance long-term focus and short-term focus in order to safeguard the long-term continuity of the business and its contribution to the world, and at the same time obtain short-term results, which makes it possible to plan against possible futures.
   c. They set clear, ambitious, measurable, and achievable goals, which raise levels of aspiration and thereby create a sense of stretch.
   d. They create clarity and a common understanding of the organization’s mission, direction, and strategy, which is understood by everyone within the organization.
   e. They align strategy, goals, and objectives with the demands of the external environment so corporate renewal is always based on customers’ need.
   f. They adopt the strategy that will set the company apart by developing many new options and alternatives to compensate for redundant strategies.
   g. They adhere to high ethical standards throughout the organization.
   h. They create an organizational design and structure that complement the intended business strategy.
   i. They stimulate cross-functional and cross-organizational collaboration by making teamwork and collaboration top priorities of management, fostering teamwork by stressing the importance of teams for the performance of the organization, and developing a team feeling by creating team commitment, getting everyone on the same team, and establishing shared responsibility.
   j. They simplify and flatten the organization by reducing boundaries and barriers between and around units, thus getting rid of bureaucracy and organizational complexity.
   k. They foster organization-wide sharing of information, knowledge, and best practices by creating the infrastructure and incentives for these.
   l. They continuously realign the business with changing internal and external circumstances by setting up an adaptable business model, which is easily altered based on opportunities in the external environment and shifts in customer needs and market conditions.

2. **Leadership**
   a. In an HPO, trust-based relationships with employees on all levels are maintained and strengthened because loyalty is valued, smart people are treated smart, people are shown respect, a learning attitude is fostered, individual relationships between managers and employees are created and maintained, both leaders and
employees are encouraged to believe and trust each other, and people are treated fairly.
b. Leaders live with integrity and demonstrate ontological humility. They lead by example by being honest and sincere, showing commitment, enthusiasm, and respect, having a strong set of ethics and standards, being credible and consistently maintain a sense of vulnerability and by not being arrogant.
c. They apply decisive, action-focused decision making by avoiding overanalysis but coming up with decisions and effective actions, while at the same time fostering action-taking by others.
d. They coach and facilitate the development of employees by being supportive, helping them, protecting them from outside interference, and by being available.
e. Leaders stretch themselves and their people by setting high standards and stretch goals and continuously raising the performance bar.
f. They demonstrate a repertoire of situational leadership styles, which are effective in communicating the organization's values and by making sure the strategy has been received and embraced by organizational members.
g. They allow experiments and mistakes by permitting taking risks, being willing to take risks themselves, and seeing mistakes as an opportunity to learn.
h. They inspire people to accomplish extraordinary results by applying charismatic leadership, creating a larger-than-life mindset, inspiring all to do their best, and mobilizing individual initiative.
i. They develop or grow leaders from within by encouraging people to become leaders, filling positions with internal talent, and promoting from within.
j. They stimulate change and improvement by continuously striving for self-awareness and renewal and developing dynamic managerial capabilities to enhance flexibility, and by being personally involved in change activities.
k. They recruit and leverage on a diverse and complementary management team and workforce to help spot the inefficiencies of their operations and create a climate that supports innovation and creativity in solving them.
l. They are committed to the organization for the long haul by balancing common purpose with self-interest and teaching organizational members to put the needs of the enterprise as a whole first.
m. They are holding people responsible for results and are decisive about nonperformers by keeping their focus on achievement of results, maintaining clear accountability for performance, and making tough decisions.

3. Customer
a. They go above and beyond to delight their customers through a distinctive branded customer experience.
b. They strive to be world-class in providing customer value, think hard about customers’ future and long-term needs, and exceed customer expectations.
c. They are more likely to leverage on data analytics and leverage on their customer information as the most important factor for developing new products and services.
d. They continuously strive to enhance customer value creation by learning what customers want, understanding their values, building excellent relationships with them, having direct contact with them, engaging them, being responsive to them, and focusing on continuously enhancing customer value.
e. They maintain good and long-term relationships not only with their customers but also with all stakeholders by networking broadly, being generous to society and creating mutual, beneficial opportunities and win-win relationships.
f. They continuously monitor the VUCA business environment and proactively responds to shifts and opportunities in the marketplace, by surveying the markets to understand the context of the business, identifying trends and exploring scenarios, capturing external information quickly and accurately, anticipating adversaries through careful study and assessment, and by creating a warning system to spot changes to which the organization must respond quickly so as to ensure that all stakeholders’ expectations, in particular those of the customers, are met.

4. Employees
   a. They empower people and give them the freedom to decide and act by devolving decision-making authority and giving autonomy to organizational members to operate, within clearly established boundaries and constraints of what is allowed and what not.
   b. They establish clear, strong, and meaningful core values and make sure they are widely shared within the company.
   c. They develop and maintain a performance-driven culture by fighting inertia and complacency, challenging the enemies of a winning mindset, focusing strongly on getting high excellence in whatever the organization does, and stimulating people to achieve high performance.
   d. They are superior in terms of clarifying performance measures, training people to do their jobs, and enabling employees to work well together.
   e. They create a culture of transparency, openness, and trust by establishing a shared understanding, openly sharing information, and fostering informality.
   f. Their employees are more likely to think the organization is a good place to work.
   g. They also emphasize a readiness to meet new challenges and are committed to innovation.
   h. Their employees use their skills, knowledge, and experience to create unique solutions for customers.
   i. Their high-performance teams have a shared purpose and values, which serve as an operating philosophy enabling them to be adaptable and respond quickly, as necessary, to changes in the environment, using creativity and outside the box thinking in creating innovative resolutions to the business challenges.

5. Organizational Culture and Climate
   a. They create a culture where people are empowered and give them the freedom to decide and act by devolving decision-making authority and giving autonomy to organizational members to operate within clearly established boundaries and constraints of what is allowed and what not.
   b. They establish clear, strong, and meaningful core values and make sure they are widely shared within the company.
   c. They develop and maintain a performance-driven culture by fighting inertia and complacency, challenging the enemies of a winning mindset, focusing strongly on getting high excellence in whatever the organization does, and stimulating people to achieve high performance.
   d. They create a culture of transparency, openness, and trust by establishing a shared understanding, openly sharing information and fostering informality.
   e. They create a learning organization by continuously investing in training and upgrading of skills, establishing good management development and top-of-the-line training programs, and by constantly identifying and accessing new competencies.
   f. They attract exceptional people with a can-do attitude who fit the culture, nurtures highly talented employees and gives bright people space to change and excel.
   g. They engage and involve the workforce by involving people in developing
vision and values, in interactive discussions and the decision-making process and by communicating issues and developments important to the organization.

h. They create a safe and secure workplace by giving people a sense of safety (physical and psychological) and job security and by not laying off people (until it cannot be avoided).

i. They master the core competencies and are innovators themselves by deciding and sticking to what the company does best, keeping core competencies inside the firm and outsourcing non-core competencies.

j. They develop people to be resilient and flexible and recruit a workforce with maximum flexibility.

k. They align employee behavior and values with company values and direction at all organizational levels by translating vision into local objectives and letting individuals realize that they have accountabilities and obligations to themselves and the organization.

The hPo framework for a Vuca world

Leading in a world that is highly disruptive as well as Volatile, Uncertain, Complex, and Ambiguous (VUCA) not only provides a challenging environment for leaders to operate and for executive development programs to have an impact, it also provides a much-needed range of new competencies. The new reality is resulting in the realization that new and different capabilities are needed to succeed (Bawany, 2016).

We are operating in a hypercompetitive VUCA business environment. The world moves faster today when compared to 20 to 30 years ago. Companies feel the pressure to decrease time to market and improve the quality of products while delivering on ever-changing customer expectations to maintain competitive posture—that is, be adaptive and nimble. Deriving results in HPOs is difficult even for companies who have the benefit of dedicated and knowledgeable employees and business leaders to leverage.

In ongoing research by the Centre for Executive Education (CEE), it has been found that various leadership competencies including cognitive readiness (critical and strategic thinking skills), emotional and social intelligence, managerial coaching and leading team for performance, effective negotiation and conflict management and cross-cultural communication and diversity management are crucial in deriving results and achieving organizational success in an HPO operating in a highly disruptive and increasingly VUCA-driven business environment (Bawany, 2016).

The business environment is continually changing, and a leader must respond in kind in the effort toward the development to be an HPO (see Figure 1).

The fundamentals remain that organizations need to continuously deliver service value and build good customer relationships in order to generate sustainable results through their satisfied and loyal customers. Employees being at the forefront of the service delivery chain hold the key to building this satisfied and loyal customer base (see Figure 2).

Employees who are engaged and motivated are instrumental in delivering the service experience for the client that will result in customer engagement. The level of employee engagement is dependent on the organizational climate (sometimes known as corporate climate), which here simply refers to “how employees feel about working in the organization.” Organizational climate is the process of quantifying the culture of an organization. It is a set of properties of the work environment, perceived directly or indirectly by the employees, that is assumed to be a major force in influencing employee behavior and engagement (Bawany, 2014).

We know that leaders create, transform, and manage organizational cultures. The leader’s values, beliefs, and leadership style
will impact the organization’s climate. In a VUCA-driven workplace, “Level 5” leaders (Collins, 2001) are required who possess ontological humility and emotional mastery. They also need to possess essential integrity in discharging their day-to-day role and responsibilities toward engaging the employees.

Managers often fail to appreciate how profoundly the organizational climate can influence financial results. It can account for nearly a third of financial performance.
Organizational climate, in turn, is influenced by leadership style—by the way that managers motivate direct reports, gather and use information, make decisions, manage change initiatives, and handle crises.

As shown in Figure 1, the five pillars of leadership competencies that are critical for an HPO operating in a VUCA world includes the following:

1. emotional and social intelligence,
2. cognitive readiness (critical and strategic thinking skills),
3. managerial coaching and leading team for performance,
4. effective negotiation and conflict management, and
5. cross-cultural communication and diversity management.

**Emotional and Social Intelligence Competencies for HPO**

The next crucial next-gen leadership competency is that of emotional and social intelligence. Emotional intelligence has become a major topic of interest in organizations since the publication of a bestseller by the same name in 1995 by Daniel Goleman (Goleman, 1995). The early definitions of social intelligence influenced the way emotional intelligence was later conceptualized. Contemporary theorists such as Peter Salovey and John Mayer originally viewed emotional intelligence as part of social intelligence (Salovey and Mayer, 1990), which suggests that both concepts are related and may, in all likelihood, represent interrelated components of the same construct.

Because individuals in organizations can rarely be successful alone, they must influence, lead, and coordinate their efforts with others in order to achieve their goals—to translate vision into action. A leader's success rests in large part upon his or her ability to influence the different groups he or she must relate to in the organization: the superiors, peers, and direct reports.

In 1998, in *Working with Emotional Intelligence*, author Daniel Goleman set out a framework of emotional intelligence (EI) that reflects how an individual's potential for mastering the skills of *Self-Awareness, Self-Management, Social Awareness, and Relationship Management* translate into on-the-job success for a leader. This model is based on EI competencies that have been identified in extensive published research on hundreds of corporations and organizations as distinguishing outstanding performers (Goleman, 1998).

An emotional competence is defined as “a learned capability based on emotional intelligence that results in outstanding performance at work” (Goleman, 1998). To be adept at an emotional competence like Customer Service or Conflict Management requires an underlying ability in EI fundamentals, specifically, Social Awareness and Relationship Management. However, emotional competencies are learned abilities: having Social Awareness or skill at managing relationship does not guarantee we have mastered the additional learning required to handle a customer adeptly or to resolve a conflict—just that a leader has the potential to become skilled in these competencies.

Emotional competencies are job skills that can, and indeed must, be learned. An underlying EI ability is necessary, though not sufficient, to manifest competence in any one of the four EI domains, or clusters.

The competencies are classified into four clusters of general EI abilities:

1. **Self-awareness**
2. **Self-management**
3. **Social awareness and**
4. **Relationship management**

Nested within each of those four areas are specific, learned competencies that set the best leaders and performers apart from average.

The framework illustrates, for example, that we cannot demonstrate the competencies...
of trustworthiness and conscientiousness without mastery of the fundamental ability of Self-Management or the Competencies of Influence, Communication, Conflict Management, and so on without a handle on Managing Relationships.

Self-Awareness concerns knowing one's internal states, preferences, resources, and intuitions. The Self-Awareness cluster contains three competencies:

a. Emotional Self-Awareness: Recognizing one's emotions and their effects.

b. Accurate Self-Assessment: Knowing one's strengths and limits.

c. Self-Confidence: A strong sense of one's self-worth and capabilities.

Self-Management refers to managing one's internal states, impulses, and resources. The Self-Management cluster contains six competencies:

a. Emotional Self-Control: Keeping disruptive emotions and impulses in check.

b. Transparency: Maintaining integrity, acting congruently with one's values.

c. Adaptability: Flexibility in handling change.

d. Achievement: Striving to improve or meeting a standard of excellence.

e. Initiative: Readiness to act on opportunities.

f. Optimism: Persistence in pursuing goals despite obstacles and setbacks.

Social Awareness refers to how people handle relationships and awareness of others' feelings, needs, and concerns. The Social Awareness cluster contains three competencies:

a. Empathy: Sensing others' feelings and perspectives and taking an active interest in their concerns.

b. Organizational Awareness: Reading a group's emotional currents and power relationships.

c. Service Orientation: Anticipating, recognizing, and meeting customers' needs.

Relationship Management concerns the skill or adeptness at inducing desirable responses in others. The Relationship Management cluster contains six competencies:

a. Developing Others: Sensing others' development needs and bolstering their abilities.

b. Inspirational Leadership: Inspiring and guiding individuals and groups.

c. Change Catalyst: Initiating or managing change.

d. Influence: Wielding effective tactics for persuasion.

e. Conflict Management: Negotiating and resolving disagreements.


Importance of Empathy as a Leadership Competency

Many leaders and managers vaguely understand the impact empathy has on leadership effectiveness. One of the reasons we have found out is that very few of them have been trained or taught how to cultivate empathy in their lives and work as a daily practice (Bawany, 2017).

The empathetic leader put themselves in their follower's shoes and attempt to see things from their perspective. Empathy doesn't mean agreeing with someone. Empathy is not sympathy. Empathy doesn't mean telling them that they are right, or even addressing their concern. Demonstrating empathy shows that you care enough to give someone else's issue the same level of respect and attention they do.

Empathy can be simply defined as the ability to be aware of and understand how others feel. It is a key component of people-oriented and participative leadership. This would include being sensitive to the feelings, concerns, and needs of the coworkers and is able to see the world from their perspective.

Empathy can also be seen as demonstrating an active concern for people and their needs by forming close and supportive
relationships with others. Leaders who lack empathy may be perceived by others as cold, uncaring, and having little interest in them as people. Leaders, who score high on this competency, work to develop close bonds with others. They spend time getting to know people and are able to give their colleagues the feeling that they are personally involved with them. They tend to emphasize the importance of being generous and kind and displaying a sincere interest in the well-being of others. If carried to extremes, however, this closeness may cloud a leader's objectivity and result in decisions that do not properly consider the organization's best interests. Hence it would be crucial for the leader to bear in mind the saying *Familiarity breeds contempt*.

**Cognitive Readiness Competencies for HPO**

The next generation leadership competencies will include the suite of cognitive readiness skills that can be viewed as part of the advanced thinking skills that make leaders ready to confront whatever new and complex problems they might face. As stated earlier, cognitive readiness is the mental preparation that leaders develop so that they, and their teams, are prepared to face the ongoing dynamic, ill-defined, and unpredictable challenges in the highly disruptive and VUCA-driven business environment (Hagemann and Bawany, 2016 a,b).

The Executive Development Associates (EDA) has identified the following seven key cognitive readiness skills, collectively known as Paragon 7 (see Figure 3), which develop, enhance, or sustain a leader's ability to navigate successfully in this *new normal*:

1. **Mental Cognition**: Recognize and regulate your thoughts and emotions.
2. **Attentional Control**: Manage and focus your attention.
3. **Sensemaking**: Connect the dots and see the bigger picture.
4. **Intuition**: Check your gut, but don’t let it rule your mind.
5. **Problem Solving**: Use analytical and creative methods to resolve a challenge.
6. **Adaptability**: Be willing and able to change, with shifting conditions.
7. **Communication**: Inspire others to action; Create fluid communication pathways.

Overall, heightened cognitive readiness allows leaders to maintain a better sense of self-control in stressful situations.

**Microsoft Corporation—Case Study of Leadership in Development of HPOs**

In today’s hypercompetitive, disruptive VUCA-driven business environment, we need a new breed of CEOs and business leaders who are defined less by commanding and controlling or autocratic/coercive and pacesetting leadership styles, but rather more of inspiring and empowering or authoritative/visionary and coaching leadership styles (Bawany, 2017).

A great example of a leader that demonstrates this approach effectively and successfully is Microsoft Corporation CEO, Satya Nadella. Unlike his predecessor, the notoriously combative Steve Ballmer, Nadella has dramatically revived Microsoft's reputation and its relevance by emphasizing collaboration and what he calls a “learn-it-all” culture versus the company's historical know-it-all one. As Fast Company's senior editor Harry McCracken explains in "Microsoft Rewrites the Code," the results have been eye-popping: more than $250 billion in market value gains in less than four years—a feat that, quantitatively, puts Nadella in the league of Jeff Bezos of Amazon, Tim Cook of Apple, Larry Page of Google, and Mark Zuckerberg of Facebook.

Nadella demonstrates ontological humility: when a few months into his tenure, he made a major faux pas at a conference for women engineers that spawned a wave of criticism. He owned the mistake
and admitted to biases that he hadn't realized. The episode ended up building his credibility in the long run.

Nadella’s leadership style is to emphasize what’s been done right. He starts each senior leadership meeting with a segment called “Researcher of the Amazing,” showcasing something inspiring at the company and by doing so he created an organizational climate of trust partnership with his coleaders.

Nadella is a strong believer in talent management and has been personally involved in the recruitment of new talent into the company, and he has emphasized the importance of an outsider's perspective in steering the organization to greater heights. But he has put even more focus on unleashing potential within the leadership team including high-potential leaders. He’s created a high-performance-driven culture with his empowering and coaching style of leadership, which relies on managerial coaching as an organizational development tool. He also believes that resistance to change is a behavior, rather than a fixed personality trait, that can be addressed with coaching.

Finally, Nadella demonstrates empathy as he recognizes that his coleaders and employees' perspective is real and important to them. It may not be real, or important, to him, but it is very real and important to them. He gives it the same level of respect and attention they do.

**CONCLUSION**

High-performance organizations exhibit a set of characteristics that are available to almost every company, regardless of the industry and scale of business. However, to achieve sustainable success, companies may benefit from the experience of those that have achieved it, if they are able to examine and benchmark every aspect of the business including strategy, structure, people, climate, and processes and take steps to bring their organizations in line with the high-performance profile.

Leading an HPO in a highly disruptive and increasingly VUCA-driven business environment and workplace requires leaders
to leverage on their cognitive readiness skills and relationship management skills, which will enable a leader to connect emotionally with the team members so that the leader can understand them better, and ensure they always feel confident in what they are doing. The leader doesn't just feel for their people, they feel with them.

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