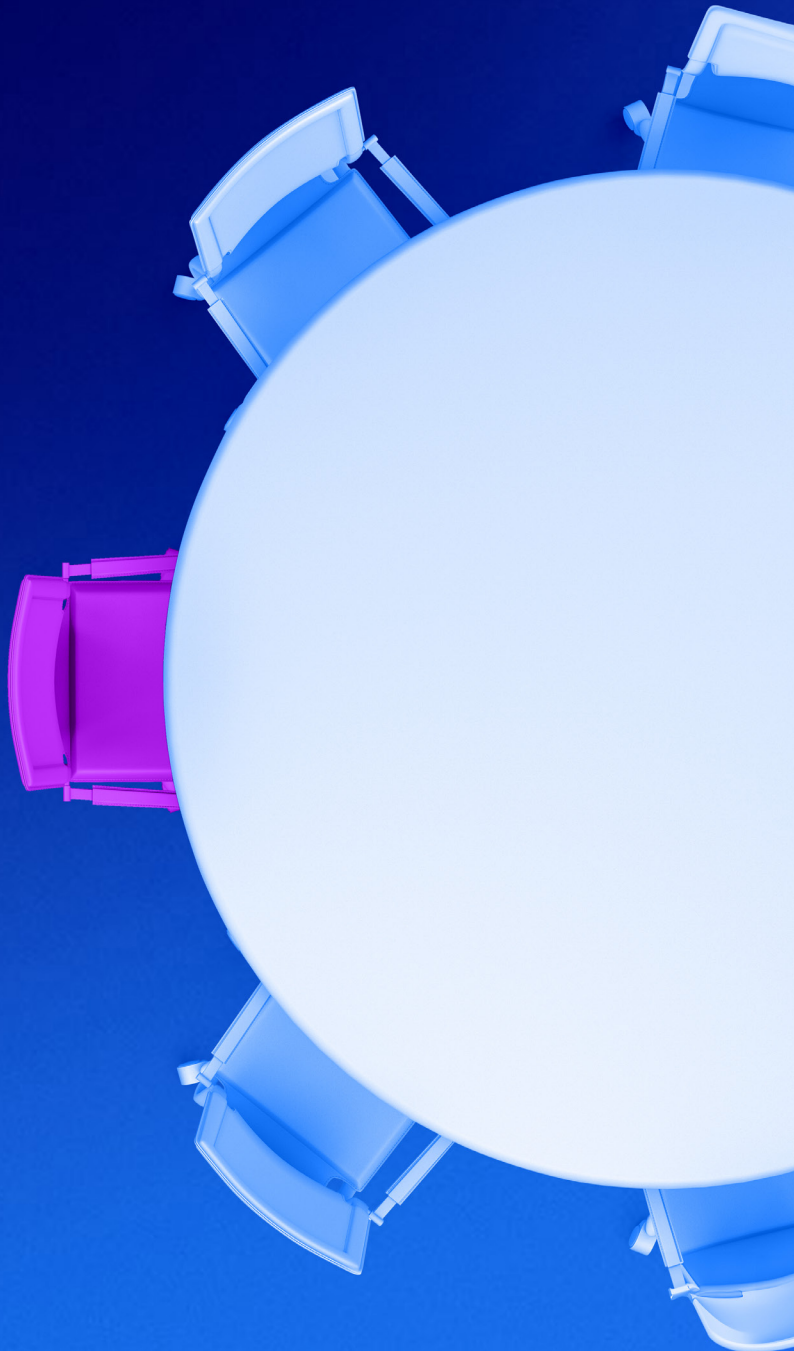


**MANAGEMENT BY
BEAR, NOT FEAR!**

Empathetic leadership
in a world of change
and disruption



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PETTER KILEFORS

Head of Arthur D. Little Nordics,
Managing Partner, Growth Practice
Stockholm

ÅSA AHLGREN

Manager, Growth Practice
Stockholm

RICK EAGAR

Partner Emeritus, London

FLORENT NANSE

Partner, Automotive & Manufacturing Practice
Boston

CARLO STELLA

Managing Partner, Sustainability Practice
Dubai

BEN ENEJO

Partner, Healthcare & Life Sciences Practice
Boston

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EXECUTIVE SUMMARY

This Report sets out an evidence-based philosophy and approach for transforming your leadership style into one that is less autocratic and authoritarian and more empathetic and approachable. For many readers, “Management by Bear” — referring to the teddy bear rather than declining financial markets — might sound a little unconventional. However, we believe it’s a powerful symbol for a leadership style that has become increasingly critical for business success in today’s environment. Fictional bears Paddington and the Swedish Bamse perfectly embody kindness, respect, fairness, bravery, and inclusivity but also determination and resilience, just like the original “Teddy,” Theodore Roosevelt, the 26th US president.

Three trends shaping the business environment are increasingly at odds with more traditional, autocratic leadership styles. First, societal norms and expectations for leadership behavior have hugely changed. In response to steadily increasing workplace stress, Millennial, Generation Y (Gen Y), and Generation Z (Gen Z) employees now expect their leaders to demonstrate inclusion, collaboration, flexible working, and mental health awareness. These younger employees also show less loyalty to their employers than previous generations. Second, requirements around well-being, diversity, inclusivity, fairness, social impacts, and professional conduct are becoming increasingly embedded into international codes and standards. Examples include environmental, social, and governance (ESG) requirements, the United Nations Sustainable Development Goals (UN SDGs), and the European Sustainability Reporting Standards (ESRS). Increasingly, evidence supports the notion that positively impacting the world is also better for business and employees. Last but not least, in today’s volatile, uncertain, complex, and ambiguous (VUCA) world, leaders must empower and engage all their employees to become more agile and innovative to survive and capitalize on disruptions. This simply can’t be done using autocratic, fear-based management styles.

To become more empathetic and effective, leaders can start by embracing the idea of ambidexterity. By this, we mean pursuing seemingly contrasting attributes simultaneously (e.g., balancing the “softer” qualities needed to interact with people and the “harder” qualities needed to reach goals and targets). Our model for effective Management by Bear recognizes four essential qualities, each of which embodies ambidexterity:

1. **Assertive kindness.** Kindness in leaders has been shown to have a major beneficial impact on organizations. This does not mean always agreeing with employees but rather employing “tough empathy” — listening, understanding, and then deciding what to do based on what people need, not what they want.
2. **Decisive fairness.** This means establishing an environment of perceived high fairness, justice, and ethical behavior that extends to society and the world at large. It also means reflecting core values in transparent, practical criteria to prevent risk aversion and slow decision-making.
3. **Brave adaptability.** Adaptability is essential to enable resilience and agility in a VUCA world, where disruptions are prevalent. The important complement to adaptability is bravery (showing mental and moral strength to adhere to core values and purpose) — in other words, “what’s really important.”
4. **Competitive inclusivity.** This means making everyone, irrespective of their differences, feel they are valued and belong. But it also means establishing a competitive meritocracy, with clear criteria for what both individual and collective success and failure look like.

The research evidence for the benefits of these approaches is strong. Benefits include enhanced employee engagement, loyalty, and productivity; improved team dynamics and performance; and reduced conflicts, turnover, and sick leave. For example, studies have shown that companies with more engaged employees have enjoyed double-digit productivity boosts and reductions in absenteeism of over 80%. Research has found that, in general, more than 40% of all employees face stress in their work, which negatively affects productivity and health. Healthcare costs for employees in stressful workplaces are nearly 50% greater and directly impact employee turnover. Research also indicates enhanced brand attractiveness through greater consumer and employee trust, including a clear shift from sustainability and ethics being a “nice to have” toward being a baseline requirement among Millennials and Gen Z.

In this Report, we offer a six-step approach to shift toward the Management by Bear philosophy: (1) initial reflection and assessment, (2) developing a clear purpose, (3) integrating the principles into all aspects of business management, (4) communicating and educating, (5) dealing with resistance, and (6) evaluating and reporting. Throughout, we provide extensive research evidence as well as practical case studies to illustrate and underpin our arguments from companies such as Ben & Jerry, Google, Hitachi, IKEA, Mahindra, Nedbank, Patagonia, Salesforce, TOMS Shoes, and Zappos.

Throughout history, attributes such as toughness, bravery, and determination have been lauded in our leaders; kindness has been seen more as a weakness than a strength. However, leaders can be kind yet assertive, fair but decisive, adaptable but brave, and inclusive but still highly competitive. Moving from a rigid, binary mindset to a more dynamic, creative, and inclusive perspective favoring “yes, and ...” over “yes, but ...” is highly desirable. Leaders who embrace the idea of “bubble-hopping” — the practice of stepping outside one’s social, cultural, or professional “bubbles” to engage with diverse perspectives — are better prepared to meet the management challenges of tomorrow with curiosity and openness.

The Management by Bear philosophy is about “tough love” rather than “love.” An empathetic workplace environment, where individuals feel empowered and valued and that encourages innovation through mutual learning from different perspectives, will ultimately perform better.

Finally, the bears offer another important message: fun and enjoyment, when natural and not forced, are good for the workplace. We recommend that leaders consider the Management by Bear principles, take an honest look at the strengths and weaknesses of their management styles, and muster the courage to make any necessary changes.

1. WHY ANOTHER REPORT ON LEADERSHIP STYLE?

"I expect you're all wondering why I've asked you all here."

Paddington

Much has been written about leadership theory, going back at least as far as ancient China. Today, Amazon alone offers well over 50,000 books with "leadership" in the title, and there is a fully fledged industry around leadership education, counseling, and assessment tools. It's not difficult to understand why this is. Good leadership is difficult, and there's no single answer for how best to do it. Also, because it involves such a wide range of attributes, many individuals feel they have the right to say something about it. It's not so difficult to claim to be an "expert."

Despite this, we still want to add to the body of knowledge. Through Arthur D. Little's (ADL's) global consulting operations working with business leaders around the world, we have seen recent major changes in the environment and requirements for effective leadership. While many of the basic principles remain unchanged, the emphasis has shifted, and we believe it's important for leaders to recognize this. In response to this shift, we propose a simple yet powerful approach: Management by Bear. Let's begin by looking at what's changed.

THE CHANGING ENVIRONMENT FOR BUSINESS LEADERSHIP

How leaders lead their businesses is influenced by many diverse factors, both internal and external. Internal factors include anything from declared policies, vision, and strategies to corporate history, culture, and practice. Since businesses do not operate in a vacuum, external factors are also important.

These include, for example, customer expectations, societal/public trends and norms, regulations and standards, business trends, and the broader political, economic, environmental, and technological climate. These external factors have changed significantly over the last decades.

Changing societal norms & expectations

From the start of industrialization in the late 19th century to the 1960s and 1970s, "management by fear" was prevalent. Leadership styles were based on hierarchical, authoritarian corporate cultures. Discipline, obedience, and deference were prized qualities among employees. In the 1980s, 1990s, and 2000s, this evolved to embrace a more macho culture of long hours and a "lunch is for wimps" mindset, a trend well-characterized in books and movies of the period. In this culture, strength, decisiveness, toughness, and even ruthlessness were often viewed as admirable qualities for leaders. During this time, the workforce consisted largely of members from the Silent Generation (late 1920s–1945) and the Baby Boomers (1946–1964).

Things started to change in the late 1990s and 2010s with Gen X (1965–1980) when the promised future of ever more wealth and success through aggressive hard work started to look increasingly shaky. During the same period, public knowledge about health and well-being increased, and management theory started to recognize the importance of employee engagement and networks for business success. Leadership styles began to evolve toward more inclusive, empowering, and collaborative approaches, emphasizing decentralization, engagement, creativity, emotional intelligence, and the well-being of staff. Values like flexibility and work-life balance, and a more laid-back leadership style, were increasingly common.

Now, with Gen Y (1981–1996), aka Millennials, climbing to the higher rungs of the corporate ladder, we are seeing a further intensification of the shift away from authoritarian leadership. Millennials seek purpose and meaning in what they do and whom they align with. They are global, well-connected, and value openness, democracy, and diversity with continuous feedback and two-way communication. Looking ahead, Gen Z (1997–2012) goes even further, emphasizing inclusion, collaboration, flexible working, and mental health awareness — although, following the 2008 financial crisis and facing a more uncertain future, they are also less loyal to their employers and value financial rewards more than Millennials.¹ The media has shown increased attention to the importance of kindness and empathy in the workplace.² And regular, high-profile accusations of bullying, abuse, and exploitation by well-known leaders of the past have increased sensitivities still further.

All this ought to mean that management by fear should be well and truly gone. Yet most statistics seem to indicate that this is far from the case. For example, in the UK, the number of employment tribunal claims citing bullying increased by 44% between 2023 and 2024, costing UK businesses over US \$23 billion annually.³ Greater awareness is undoubtedly a factor in the increase, but it's apparent that management by fear is still far too prevalent in today's workplaces.

Increasingly stringent business conduct regulations

Corporate social responsibility (CSR) — those business strategies companies follow to enhance rather than degrade society and the environment — has been a voluntary code for decades but has now evolved into a range of mandatory schemes at regional, national, and international levels. For example, the EU's Corporate Sustainability Reporting Directive (CSRD), part of its agenda for sustainable finance, aims to increase access to information regarding companies' impact on people and the environment, as well as how different sustainability topics in turn affect companies. In 2015, all UN members agreed on a series of 17 SDGs, which highlight the connections between the environmental, social, and economic aspects of sustainable development.

CORPORATE SOCIAL RESPONSIBILITY HAS BEEN A VOLUNTARY CODE FOR DECADES

These include, among others, goals around good health and well-being, gender equality, and responsible production and consumption.

The introduction of the CSRD signifies a pivotal shift toward more rigorous and standardized reporting practices around the world. It impacts approximately 50,000 companies globally, including over 3,000 US-based firms, with first-phase companies required to disclose relevant information for the 2024 financial year by 2025. Among other things, the CSRD requires affected companies to report according to ESRS, which includes topics such as comprehensive emissions, biodiversity, community impact, and workforce impact. The latter requires disclosures on working conditions, equal opportunities, and social security to a larger extent than ever before. Similar and related actions and regulations are being introduced throughout the world, such as the US Securities and Exchange Commission (SEC) approving Nasdaq's diversity plans, which aim to increase the representation of women, racial minorities, and LGBTQ+ individuals on corporate boards.⁴

ESRS requires companies to comply with 10 different reporting standards, of which four cover social data (including their own workforce, affected communities, and end users) and one covers governance on business conduct. ESRS S1, which focuses on own workforce, requires companies to report data on 17 different topics, including workforce policies, processes for engagement, remediating negative impacts, managing risks, social dialogue, work-life balance, incidents and complaints, and a range of diversity/inclusion requirements. Companies need to comply and report on these topics as well as comply with the double materiality assessment, which requires businesses to evaluate sustainability issues that affect both their financial performance and their wider impact on the environment and society.

While clearly none of these standards and regulations prevent leaders from using autocratic or bullying management styles, they do increase the transparency of what's happening in the workplace, reinforce employee expectations on positive leadership behaviors, and strengthen the rights of employees to take action whenever leaders behave poorly. Those companies that only do the bare minimum to comply with mandatory requirements risk incurring additional costs without benefiting from the upsides. Increasingly, companies are finding that by following these standards and positively impacting society and the world at large, they will also benefit in terms of branding, better employee engagement, reduced absenteeism, and increased productivity (see Chapter 3).

Innovation & responsiveness to change becoming more business-critical

There is a growing body of evidence supporting the conclusion that management culture greatly affects business performance (covered in more depth in Chapter 3). In particular, negative cultures that result from management by fear tend to inhibit an organization's ability to be flexible and responsive to change because individuals do not feel empowered to raise emerging issues or make any rapid decisions. Fear of negative consequences following the proposal of new initiatives results in people becoming less likely to take risks or propose new ideas, inhibiting innovation.⁵ It has also been shown to have severe emotional and psychological impacts on employees. It contributes to stress and reduces overall productivity, which affects employee well-being and harms the organization by lowering the quality of work produced.⁶

Such outcomes would be highly undesirable for a business at any time, but they have become increasingly critical as the environment for business has evolved over the last decade or so. The acronym VUCA, which was originally coined by the US Army in the late 1980s, is often used to characterize today's business environment. While each successive generation may feel that its environment has become more VUCA, the acceleration today is undeniable given multiple contributory factors, such as digitalization, technological change, global interconnectedness, geopolitical instability, and climate risks.

THE NEED TO THRIVE IN THE FACE OF CONSTANT CHANGE IS NOW A BASIC REQUIREMENT FOR ALL BUSINESSES

In a recent major survey of CEOs by ADL, 80% expect that more attention will be paid to VUCA and related topics over the next three to five years.⁷

Of all these factors, the digitalization of our everyday lives may be one of the most significant. As employees spend increasing amounts of their time online and working virtually, day-to-day social contact is diminished, and there is more blurring between work time and personal time. While the impacts of increased working from home can be both positive and negative, there is good evidence that workplace stress has greatly increased overall. For example, in the UK, the number of workers reporting work-related stress, depression, or anxiety increased by around 120% between 2009 and 2023.⁸ Apart from the duty of care that employers have toward their employees, this is also extremely costly for business.

The need to thrive in the face of constant change, once the hallmark only of small start-ups, is now a basic requirement for all businesses. In practice, this requires employees to be innovators, proactively seeking out new solutions and opportunities for the growth and development of the organization. Leaders therefore increasingly must focus on cultivating a culture that encourages employees to dare to share new ideas and try new initiatives without fear of failure. As Nelson Mandela said, "I never lose. I either win or learn."

WHAT THIS MEANS FOR MANAGEMENT STYLE

Changing societal expectations, increasing regulation, maintaining employee well-being, and the imperative for innovation and responsiveness all point to the need for leaders to adapt and evolve their management style to be less autocratic and authoritarian and more kind, empathetic, and approachable.

In business, it's helpful to make use of symbols. We've found that a great symbol for how contemporary management styles should evolve is the teddy bear; in particular, the well-known fictional bear Paddington, created by British author Michael Bond. There are other models as well, including Scandinavia's Bamse. Known as "the strongest bear in the world," Bamse is an underdog and a champion of friendship, community, and justice. One of his sayings is "Many small and weak together can defeat the strong." A.A. Milne's Winnie-the-Pooh is another example. Although he does have the major drawback of being "a bear of little brain," Pooh offers thought-provoking humor, exemplified by his memorable quote: "People say nothing is impossible, but I do nothing every day."

Hence, "Management by Bear, not fear." In many ways. Paddington embodies the attributes that today's leaders need: he's kind and respectful to everyone, with impeccable manners, but he is determined when he decides something needs to be done; he has a huge sense of fairness and justice; he's brave and courageous in the face of adversity; he's adaptable to whatever comes his way, both successes and failures; he tries out new ideas, however crazy they may seem; he's inclusive of everyone, whether they are prison convicts or civic leaders; and he's passionate in pursuit of his goals.

When considering the Management by Bear model, it is important to remember that there's a balance in the qualities of Paddington and Bamse. If niceness and kindness were the only qualities they had, they wouldn't have been able to achieve so much. Similarly, if being kind and nice were the only important attributes of business leaders, they wouldn't need to be measured on things like growth, profits, and shareholder value.

ABOUT THIS REPORT

With these bears and the original, very human "Teddy" in mind, the remainder of this Report introduces a mental model for Management by Bear that combines collective intelligence with collective compassion. In the following chapters, we:

- Clarify the key qualities leaders need for Management by Bear.
- Assess the positive impact this can have on the business.
- Propose a practical way forward for leaders who want to change their management style.

Throughout the Report, we refer to several illustrative case examples (described in more detail in Appendix 2).

By embracing these principles, CxOs can cultivate a supportive and innovative organizational culture that is healthier, more engaged, innovative, and productive, and better able to leverage disruptions like new business models, technologies, and digitalization. At the same time, the approach promotes diversity, ensures equity, fosters inclusion, and strengthens human connections. Our focus here is on leadership qualities and attributes rather than some of the "harder" aspects of effective leadership, such as how to design organizational models, develop corporate strategies, or run governance processes, important though these are.

2. KEY QUALITIES FOR MANAGEMENT BY BEAR

"I always think if you look for the good in people, you'll find it."

Paddington

Based on our work with CxOs across the world, we've distilled the necessary attributes for more empathetic and effective management into a simple model, beginning with the overarching need to be *ambidextrous*.

THE STARTING POINT: EMBRACING AMBIDEXTERITY

Ambidexterity is frequently referenced in relation to business management, most often in the context of fostering creativity and innovation at the same time as productivity and efficiency.⁹ The theory has been expanded over the years to encompass maintaining a dynamic equilibrium, in which the paradoxes and contradictions are purposefully embraced.¹⁰ In relation to leadership styles, the balance is typically between the "softer" qualities needed to interact and communicate effectively with people and the "harder" qualities needed to achieve high performance and reach goals and targets. In Appendix 1, we highlight a range of commonly used assessment tools that embrace the idea of ambidextrous leadership, such as ADL's Ambidextrous Organization Canvas, the Leadership Circle Profile, the DiSC model, the Transformational Leadership Questionnaire (TLQ), Gallup's CliftonStrengths assessment, and the Situational Leadership Model, as well as more unusual tools like bubble-hopping and the iconic Advanced Creative Thinking (ACT) approach, which is an enhanced and updated methodology partly based on the synectics teaching model developed in the 1950s by George M. Prince and William J.J. Gordon at the ADL Invention Design Unit.

Several studies highlight the benefits of being ambidextrous. For instance, in their 2004 *Harvard Business Review (HBR)* article, Charles O'Reilly and Michael Tushman observed different attempts at breakthrough innovations, finding surprisingly that 90% of those that were ambidextrous succeeded, while both cross-functional and unsupported teams did not reach their goals.¹¹ Other studies have found that ambidextrous leadership contributes to creating financial gains and provides societal benefits.¹² Embracing ambidexterity has also been found to promote a transition from a binary mindset to a more dynamic, creative, and inclusive perspective, favoring a positive "yes, and ..." approach above an "either/or" and "yes, but ..." approach.^{13,14}

We do not believe there is a proven formula for becoming ambidextrous in the way we use the term here. We see it more as a mindset that can be developed and strengthened over time by continuously being aware that there are nearly always opposing, complementary, or moderating attributes that need to be "balanced." Ambidextrous leaders understand that success comes not just from being hard-nosed and tough, and conversely not just from being amiable and flexible, but rather from some balance between the extremes. Of course, the balance may shift depending on the business situation and what needs to be done, and different individuals will have a natural tendency to be "harder" or "softer" depending on their personalities. Self-awareness is therefore very important to understand where more balance may be needed. In gaining self-awareness, the key thing is to understand how teams perceive their leaders' behavior, which may be quite different from how leaders themselves think they behave. The assessment tools mentioned above, as well as simply gathering anonymized 360-degree feedback from others, can be helpful in building self-awareness (see Chapter 4).

In our model for Management by Bear, there are four essential qualities that leaders must have. Each of these is a matched pair, comprising an ambidextrous balance between complementary attributes (see Figure 1).

ASSERTIVE KINDNESS

"If you are kind and polite the world will be right."

Paddington

"The one who is very strong also has to be very kind."

Bamse

The first of the four essential qualities for effective, empathetic leadership is what we call "assertive kindness." Kindness is generally defined as being generous, helpful, and caring about other people, and it may not be the first quality one would associate with effective business leadership. However, in today's business environment, as we have seen, it is increasingly important for leaders to be perceived as caring for their people (especially Gen Y and Z employees), for the environment, and for society at large. Substantial research shows that prioritizing kindness and empathy is beneficial for leaders. For example, one 2021 study showed that employees with highly empathic senior leaders report higher levels of creativity (61%) and engagement (76%) than those with less empathic senior leaders (13%

and 32%, respectively).¹⁵ Other studies have shown that acts of kindness contribute to a sense of belonging and strengthen community ties.¹⁶

However, the way kindness is exercised is critical. Kindness does not mean always agreeing with employees, focusing on trivialities, or wanting to be "popular" with the staff. For example, we know of some leaders who spend more time in weekly staff meetings celebrating the birthdays of people on the team than they do discussing important issues for the business. This destroys respect and authority and makes poor use of valuable team time.

So, importantly, we refer here to *assertive* kindness. This could also be paraphrased as "tough empathy." It's about understanding other people's situations, feelings, and motives and putting yourself in their place but then deciding what to do based on what people *need*, not what they *want*. Another way of looking at this is "care with detachment." As the leader, you demonstrate clearly that you understand and care about people's desires, feelings, and concerns, and you have the confidence to make a decision that takes due account of these while focusing on achieving important overall objectives. You encourage feedback but are prepared to make decisions that will not please everyone, and you are comfortable with explaining why. By focusing on assertive kindness, you show that you genuinely care, but you also have the confidence to make decisions for the greater good. That's why you are the leader.

Figure 1. Four essential qualities of effective empathetic management



Source: Arthur D. Little

DECISIVE FAIRNESS

"The best way to get rid of your enemies — you make them your friends."

Bamse

"Nobody cares how much you know until they know how much you care."

Teddy Roosevelt

One of the biggest sources of stress in a workplace is a perceived lack of fairness. For example, a 2022 *HBR* survey of 3,500 employees in the US found that only 18% indicated that they work in a high-fairness environment.¹⁷

The same study claimed that perceptions of a fairer employee experience improved employee performance by up to 26% and employee retention by up to 27%. The playing field for ensuring fairness and justice has extended significantly over the last decades. Forty or 50 years ago, the key issues were mainly around dealing with major inequities and prejudices relating to gender and race. Today, while norms and expectations on fairness in gender, race, and ethnicity are still evolving, other relevant internal issues have been added, including disabilities, age, type of employment contract, and being a parent. Looking externally, there has been an extensive shift in the criteria for ethical business conduct, as evidenced by the increasing regulation around CSR and ESG described in the previous chapter. In society as a whole, there is a great deal more awareness of what does, and does not, constitute respectful treatment by those in authority.

Ethical leadership is about more than just following the rules. It is about a genuine commitment to fairness, transparency, and moral behavior. Research has shown that this can have a profound impact on an organization's culture and success.^{18,19,20} Studies have also shown that treating others with respect and fairness can create an ethical atmosphere in communities and workplaces and lead to better outcomes.²¹ Moral leadership has been described as essential for building trust within organizations.²² Ben & Jerry's is an example of ethical leadership in action. The company has intertwined its business with social justice, showing that a company can do well by doing good. Its approach strengthens its reputation and deepens its relationships with customers and the community alike. Patagonia is another company that has modeled ethical leadership, becoming almost as famous for its environmental ethics as its outdoor gear. It has proven that a business can stand for something beyond profits, fostering a culture of responsibility and transparency that wins customer loyalty and stands the test of time.

One of the downsides of focusing too heavily on fairness and ethical conduct is that it can inadvertently lead to risk-averse strategies and slow, or even paralyzed, decision-making. This is why *decisiveness* and boldness are key qualities to complement fairness.

Effective leaders take time to establish core values and define how these are reflected in transparent, practical management decision-making criteria. For example, Google's leadership approach emphasizes fairness and inclusivity alongside data-driven, decisive actions that adhere to its core mission of "doing no evil."

CxOs who are good practitioners of decisive fairness make efforts to be as informed as possible about a range of relevant issues, including new and emerging standards and regulations. If necessary — and if justified for the business — this could include engaging specialists and experts. They listen to their employees, engage in dialogue with them, and establish clear criteria for how to make fair decisions that are open and transparent for everyone. However, they don't overemphasize listening at the expense of decision-making, risking loss of authority and respect. They are prepared to make bold decisions and explain their rationale.

BRAVE ADAPTABILITY

"The greatest mistake you can make is to continually be afraid to make one."

Paddington

"It is brave to dare to say that you are afraid."

Bamse

"It is hard to fail, but it is worse never to have tried to succeed."

Teddy Roosevelt

In an increasingly VUCA world, adaptability and resilience are clearly essential qualities. What might be today's core business could be disrupted tomorrow, and a transformation started three years ago might be hopelessly out of date before it is completed. ADL previously examined what this meant for business leaders in the article, "The CEO — Lost in Space and Time."²³ For good reasons, the "space" that a business operates within has effectively expanded, while simultaneously the "time" needed to effect change has contracted. There are hundreds of examples of companies where failure to expand beyond the existing mature or declining core business and/or failure to change rapidly enough led to business collapse.

RESILIENCE IS INTRINSICALLY LINKED TO ADAPTABILITY

Additionally, championing diversity, equity, and inclusion (DEI) is essential for creating an inclusive atmosphere where all team members feel they truly belong. Inclusive leadership not only improves the well-being of diverse teams but also stimulates creativity and innovation by integrating a variety of perspectives.²⁴ Bubble-hopping is a method developed by Max Hawkins, a creative computer scientist who has worked for Google, YouTube, and Apple. His work inspired Emma Stenström, Associate Professor at the Stockholm School of Economics (SSE) and Director of the Center for Arts, Business & Culture at the SSE Institute for Research, to research bubble-hopping.²⁵ Stenström encourages people to step outside of their social and intellectual “bubbles,” the familiar environments or groups they feel most comfortable in, and explore other perspectives. The core idea is to develop a mindset of curiosity and openness toward those who are different. By finding common ground, it becomes easier to navigate and appreciate differences. These differences, in turn, contribute positively to diversity and innovation.²⁶

One of the world’s most spectacular events, “Burning Man” invites brave and adaptable people to a western US desert every year to engage in a kind of multiple bubble-hopping with nonconformists in the spirit of “radical inclusion” and “radical self-expression” — two of its 10 guiding principles — while adapting to extreme weather conditions. In 2024, its theme was “Curiouser & Curiouser,” which speaks for itself. Burning Man has reached iconic status in DEI, tech, and business circles, exemplified by the fact that Google founders Sergey Brin and Larry Page selected Eric Schmidt as CEO thanks to his participation in the event. “We thought [it] was an important criterion,” Brin said.²⁷ Other famous participants with a profound interest and engagement in DEI include Amazon’s Jeff Bezos and Facebook/Meta’s Mark Zuckerberg. Interestingly, teddy bears of various kinds are often part of the artistic scenery.

By educating your team on the core principles of brave adaptability and weaving them into the fabric of your organizational culture, you establish a workplace that values ethical leadership, stimulates curiosity, and prioritizes the well-being and productivity of every team member. This approach enhances the work environment and aligns with broader organizational and societal goals and values.

Resilience is intrinsically linked to adaptability — it embodies an organization’s ability to respond swiftly and effectively to disruptions or unforeseen changes. Danish philosopher Søren Kierkegaard (1813–1855) conceptualized the “leap of faith” as a profound personal commitment made in the absence of conclusive evidence, emphasizing the courage to embrace uncertainty. The COVID-19 pandemic provided an invaluable lesson on the significance of resilience, illustrating how crucial adaptability and decisive action — or, if you will, a leap of faith — are in overcoming unprecedented challenges. Among many examples around the world, the leadership of Southwest Airlines demonstrated resilience and an optimistic yet realistic approach that enabled the company to endure and flourish. Research highlights the importance of resilience and adaptability in leadership, especially in dynamic and uncertain environments that demand agility and effective problem-solving.²⁸ Maintaining composure and a positive demeanor in challenging situations has been shown to help create a supportive and resilient workplace and foster a culture of integrity and trust.²⁹ Leaders who blend strength with compassion significantly boost organizational resilience, a key factor in navigating crises and achieving sustained success.³⁰ You can’t scare an organization into becoming courageous and daring to think innovatively. Instead, leaders must create courage in a natural way by making people feel safe.

The complement to adaptability is *bravery* — showing mental and moral strength. Without the ability to be steadfast and persevere with what’s really important, adaptability can rapidly lead to loss of direction and impetus, which in turn leads to low morale and poor performance. This is especially true for the more purpose-driven Gen Y and Gen Z employees. What’s “really important” therefore needs to be spelled out as clearly as possible and then lived out through everyday actions and behaviors.

This could be expressed in terms of things like business, vision, long-term goals, mission, purpose, value set, ethical codes, and ESG codes.

So, the inherent paradox is that adaptability and agility depend hugely on having a rock-solid and unchanging sense of purpose. CXOs who exemplify brave adaptability have a clearly articulated sense of purpose and spend time and effort to ensure that their teams understand and “feel” it. They don’t suddenly abandon it in the face of setbacks or disruptions; they are resolute and determined. However, they don’t cling to previous decisions when it’s clear they are failing, for fear of looking weak. Instead, they have the bravery to admit failure and build on learning. Their courage is “quiet” and conveyed by perceived behaviors and actions, not boasted about in public speeches. While the purpose remains unwavering, the business portfolios are dynamic, responsive, and flexible to suit rapidly changing circumstances. Brave leaders quickly delegate and empower their staff to provide them with the agency to move fast when necessary.

COMPETITIVE INCLUSIVITY

“Mrs. Brown says that in London everyone is different, and that means anyone can fit in.”

Paddington

Inclusive leadership is about making everyone, irrespective of their differences, feel they are valued and belong in an organization. While things can be written down in policies and codes, studies have suggested that what leaders say and do makes up to a 70% difference as to whether an individual reports feeling included.³¹ In their 2020 *HBR* article, “The Key to Inclusive Leadership,” Juliet Bourke and Andrea Titus mention six leadership traits that make the difference for inclusive leadership: visible commitment, humility, awareness of bias and blind spots, curiosity about others, cultural intelligence, and effective collaboration.³² Other studies have shown the significance of inclusive environments in enhancing social cohesion, strengthening community ties, promoting well-being, and fostering positive organizational cultures, as well as highlighting the importance of support and collaboration in maximizing individual and team potential.^{33,34}

Companies like Google have embraced these principles, emphasizing a culture of collaboration and psychological safety, which has proven essential for innovation and success in diverse teams. The footwear company TOMS exemplifies how businesses can integrate inclusivity and social responsibility into their core operations. Its “one for one” giving model provides shoes to those in need and promotes a wider sense of global citizenship and community support.

Extensive research has shown links between fostering diversity and inclusion and better business performance; for example, ensuring that diverse workforce talents are more encouraged to flourish through rewards, irrespective of personal background, builds employee loyalty and enhances brand reputation. The main risk of focusing too much on inclusivity alone, however, is that it can inadvertently breed a culture of being excessively “careful” with interpersonal communications and interrelations. At worst, this can lead to a culture where legitimate differences of opinion or openly expressed criticisms are effectively taboo. In this situation, meetings can become highly inefficient and superficial, as no one feels free to challenge others, and appraisals fail to provide open and honest feedback for fear of upsetting individuals. In some large companies today, the need to show cultural “positivity” in public has created an unofficial subculture of intrigue and secrecy around the really important decisions, with meetings just paying “lip service” to genuine collaboration.

For this reason, *competitive* inclusivity is important — the organization is clear that it remains, above all, a competitive meritocracy, with clear criteria for what both individual and collective success and failure look like. Patagonia, Google, and Salesforce are examples of how companies can strike a balance between striving for excellence and creating a kind, fair, and supportive workplace. Patagonia has effectively closely integrated environmental care into its outdoor gear business. Google is famous for how it hires gifted individuals and “sets them free,” creating a space where everyone’s ideas can shine, and hard work pays off. Salesforce has spoken about its “Ohana” culture, which is all about bringing “that family feeling” into the workplace.

The company claims that chasing after top-notch performance does not mean leaving kindness and inclusivity at the door. Instead, it seeks to wrap achievements in a warm, welcoming environment where everyone feels part of the Salesforce family. This blend of ambition with empathy is what makes a business not just successful but also a place where people love to work. In other words, focusing on both relationship-building (empathy and care) and task-oriented (clarity and demands) aspects and managing the balance are important.

Leaders who exemplify competitive inclusivity show the sort of traits Bourke and Titus identify: visible commitment to inclusivity, curiosity about others, humility, and a collaborative approach. However, they also actively encourage and reward plain speaking and openness and rapidly dissolve “below-the-surface” subcultures and malicious gossip. They ensure that they themselves, and others in their team, are coached and trained in interpersonal skills, such as conducting productive conversations, efficient meetings, and effective staff appraisals.

Lessons from the original Teddy about ambidextrous leadership

As many people know, the soft, furry teddy bear owes its origins to Theodore “Teddy” Roosevelt, the 26th US president. In 1902 during a hunting trip in Mississippi, Roosevelt famously refused to shoot a bear tied up for him. Inspired by a cartoon of this act of compassion in the *Washington Post*, a Brooklyn, New York, shopkeeper created a small, soft bear and later mass-produced them as “teddy bears.”

Roosevelt, normally ranked by historians as one of the top five American presidents, is praised especially for his dynamic and progressive approach, which included “trust-busting” monopoly companies; regulating railroads, food, and drugs; and prioritizing environmental conservation. His contribution to ending the Russo-Japanese War earned him the 1906 Nobel Peace Prize. Of course, no one is perfect, and viewed through the lens of history, Roosevelt has also faced criticism for imperialist tendencies, racial attitudes, and inconsistent policies. This is a good example of how leadership approaches must be seen in the context of the prevailing norms of the time and why it is vital to evolve and adapt. However, for the purpose of this Report, Roosevelt exemplified most of the qualities and traits that we have been describing for effective, ambidextrous, and empathetic leadership:

- **Ambidexterity.** Roosevelt integrated physical vigor with intellectual depth, progressive reform with conservative diplomacy, and moral integrity with strategic pragmatism.
- **Assertive kindness.** His refusal to shoot the bear showcased his compassionate nature and allowed him to symbolize strength with kindness, a balance that would come to define his leadership.
- **Decisive fairness.** He famously took on powerful corporations like Standard Oil, and his “Square Deal” aimed to restore balance and a more level playing field during significant social and economic change.
- **Brave adaptability.** His mediation in the Russo-Japanese War and handling of the 1902 Coal Strike showed a blend of vigor, resolve, strength, and compassion, creating a sense of security during times of uncertainty.
- **Competitive inclusivity.** When Roosevelt was alive, inclusivity was still in its infancy. However, his niece Eleanor Roosevelt (wife of US President, Franklin D. Roosevelt) later became famous for her deep commitment to civil rights, social justice, and, women’s rights, including equal pay and equal opportunity. She became a profound source of inspiration for subsequent generations in the ongoing quest for equality.

3. WHAT BENEFITS CAN YOU EXPECT?

As a business leader, there would be little point in adopting all these Management by Bear traits if they didn't deliver significant benefits. Fortunately, a wide body of research evidence supports the conclusion that they do. This chapter provides an overview of some of the main benefits.

ENHANCED EMPLOYEE ENGAGEMENT, LOYALTY & PRODUCTIVITY

Evidence of the beneficial effects in this category is overwhelming.

For example, a 2020 study that looked at the impact of empathy, diversity, and inclusion in the workplace yielded some very conclusive results: 93% of employees are more likely to stay with an empathic employer, 90% of employees value flexibility for empathy at work, and 85% of employees report increased empathy from diversity and inclusion strategies.³⁵ Another 2022 research study found that organizations with more empathetic leaders had employees who were 3.4 times more likely to be engaged at work.³⁶

Further studies show that brave adaptability and resilience encourage employees to view challenges as opportunities, fostering a culture that adapts well to change and promotes growth.³⁷ An emphasis on simplicity and clarity helps reduce workplace stress and increases focus, thereby boosting productivity.³⁸ Assertive kindness not only enhances employee satisfaction but also minimizes conflicts, leading to a more cohesive work environment.³⁹

These leadership qualities also closely align with Gallup's survey findings, which showed that organizations with higher employee engagement see an 81% reduction in absenteeism and a 14% boost in productivity compared to organizations with lower employee engagement.⁴⁰ Gallup's research also found that organizations with high employee engagement are more than twice as likely to achieve success than their less engaged counterparts. This higher engagement reduces turnover and increases productivity, as engaged employees are more motivated to perform well.⁴¹

IMPROVED TEAM DYNAMICS & PERFORMANCE

Management by Bear also has a positive impact on the way teams work together. For example, psychologist Martin Seligman explains that unwavering optimism can significantly boost a team's resilience and adaptability.⁴² Similarly, Barry Schwartz and Kenneth E. Sharpe reported that practical wisdom and simplicity are invaluable when it comes to navigating complex issues and making sound decisions.⁴³ Fairness and supportiveness lay the groundwork for trust and cooperation, which are the cornerstones of any successful team. Studies have shown that when team members feel supported and treated fairly, they are more likely to work together effectively and achieve better results.⁴⁴ A 2021 study showed that 72% of employees believe empathy drives motivation and performance.⁴⁵ When these attributes come together, they create a dynamic and productive environment where diverse strengths are utilized, and challenges are met with collective creativity and determination.

PRACTICAL WISDOM AND SIMPLICITY ARE INVALUABLE WHEN IT COMES TO NAVIGATING COMPLEX ISSUES AND MAKING SOUND DECISIONS

Moreover, empathic leadership also drives profitability. For example, Emma Seppälä highlighted in *HBR* that fair treatment of team members by leaders boosts individual/team productivity and citizenship behaviors, directly impacting profitability.⁴⁶ In a similar vein, a 2023 *HBR* article reports that happy workers increase productivity by 13%, while disengaged employees cost the world \$8.8 trillion.⁴⁷ The study “Happiness and Productivity” by Andrew J. Oswald, Eugenio Proto, and Daniel Sgroi at the University of Warwick (England) showed a similar result, stating that happy workers are 12% more productive.⁴⁸

Another compelling example of how empathy and being “human” in leadership can improve team performance is found in the US National Basketball Association (NBA) with the Boston Celtics’ embrace of the ancient African concept of *ubuntu* (“I am because you are”). The original phrase from which *ubuntu* is derived translates to “a person can only be a person through others.” Former Celtics head coach Doc Rivers adopted this philosophy and said, “I was amazed at how many times the word helped our team get through tough times. It was the perfect philosophy for our team.”⁴⁹ This idea of unity through shared humanity helped the Celtics win the 2008 NBA World Championship title. It has also been invoked by Nelson Mandela and Barack Obama and has been adopted by organizations including South Africa’s Nedbank Group, which embraces the values of *ubuntu* in its culture and operational framework, focusing on shared value and community engagement.⁵⁰

REDUCED CONFLICTS, TURNOVER & SICKNESS LEAVE

Research shows that over 40% of all employees face stress in their work, which negatively impacts productivity and health.⁵¹ Seppälä reported that healthcare costs for employees in stressful workplaces are 46% greater than non-stressful workplaces and directly impact employee turnover.⁵² There is good evidence that focusing on fairness, ethics, and well-being in leadership can significantly reduce employee stress since perceived unfairness is a major driver of stress. Engaged employees are also more likely to stay, thus contributing to a more stable and productive work environment.⁵³ Microsoft CEO Satya Nadella emphasizes that fostering an inclusive culture is not merely a kind gesture; it is essential for team cohesion and employee contentment.⁵⁴

Accepting flaws as pathways to growth and self-discovery is an important aspect of reducing conflicts, turnover, and sickness leave. Embracing “the beauty of imperfection” brings peace of mind. Recognizing our imperfections liberates us from the constraints of perfectionism, promoting self-compassion and resilience. This perspective helps us embrace our own shortcomings and fosters empathy toward others, deepening our relationships.⁵⁵ By seeing mistakes as valuable learning opportunities, we cultivate authenticity and fulfillment — an essential aspect of Management by Bear.

ENHANCED BRAND ATTRACTIVENESS

There is also strong evidence that empathetic and ethical leadership can contribute to brand attractiveness in the eyes of both employees and customers. For example, a 2023 *HBR* study of 350,000 US employees and consumers concluded that consumer buying patterns were changing from sustainability being a “nice to have” toward being a baseline requirement for purchase, especially among Gen X and Millennials.⁵⁶ The study included brands’ perceived humanity (empathy, kindness, fairness) and transparency (openness to sharing motives and relevant information in plain language) and concluded that trust drives behavior and, ultimately, business outcomes and sustainability promotes trust.

Many large companies, including Microsoft, Johnson & Johnson, and Unilever, have taken positive steps to promote a culture where every employee can excel and feel valued. Paul Polman, Unilever’s CEO from 2009 to 2019, is especially notable for his commitment to sustainability and ethical business, promoting the concept of the “net-positive company,” one that grows by making the world a better place. Despite short-term shareholder pressure, he had the bravery to adhere to these principles, helping maintain harmony among employees and increasing their loyalty and trust in their workplace’s values. Polman also delivered excellent business results, with a total shareholder return of 290% over his period of tenure.⁵⁷

Microsoft has also embraced DEI principles wholeheartedly, understanding that diversity fuels innovation and enhances problem-solving by drawing on the unique strengths of its diverse workforce. Johnson & Johnson stands out for its unwavering ethical foundation and bravery in business decisions, integrating these values into its leadership approach. According to its “Credo,” the company aims to act as a moral compass, emphasizing ethical leadership and respect for all employees, which cultivates a supportive and inclusive work environment.

Other notable examples of ethical and inclusive leadership include IBM, IKEA, and Southwest Airlines. IBM’s dedication to ethical leadership and resilience has been crucial in upholding its status as an inclusive employer, particularly through turbulent periods. Former IBM CEO Ginni Rometty has discussed how IBM’s commitment to diversity and inclusion, paired with resilient leadership, has been a driving force behind the company’s success.⁵⁸ For its part, IKEA, with its robust ethical framework, places a high value on supportive leadership and the principle of simplicity in its operations. Founder Ingvar Kamprad has argued that IKEA’s culture, which is grounded in humility and respect for each individual, cultivates trust among employees and encourages innovative thinking.⁵⁹ Southwest Airlines has been celebrated for its supportive and inclusive culture, earning a strong reputation through its equitable treatment of all employees. This approach empowered Southwest to effectively manage crises, with employees often exceeding expectations in their contributions during challenging times.⁶⁰



4. IMPLEMENTING MANAGEMENT BY BEAR

This chapter provides an approach for implementing Management by Bear and describes an investor who embraces the “bear” ethos and even uses the teddy bear as a symbol of success. Like any change with ambitious goals, a comprehensive approach is needed to ensure that the change delivers the hoped-for results and is sustainable over time (see Figure 2).

1. REFLECT & ASSESS

There’s little point in embarking on a journey without knowing where you’re starting from. Reflecting on where the organization is now and where it needs to go is an essential first step. This should normally include dialogue with both internal stakeholders (management and employees) and external stakeholders, such as shareholders, customers, and communities. Reflection should not be a one-off exercise; it should be an ongoing process that is regularly revisited.

The importance of reflection for effective leadership and organizational growth has also been validated through research. For example, American academic Donald Schön introduced the concept of “reflection-in-action,” which stresses the ongoing importance of reflection in enhancing professional practices.⁶¹ Former HR Senior VP Liz Ryan has explained that leaders who lack self-awareness are more likely to resort to managing by fear, using their bureaucratic power as a substitute for genuine self-confidence.⁶²

Bubble-hopping helps leaders reflect on their own beliefs and biases, stimulating empathy and curiosity, which are key to effective teamwork. It can also be helpful to conduct a more formal, granular assessment of leadership’s current status. For this, using one of the many established self-assessment management tools mentioned in Appendix 1 is useful, as it provides a measurable baseline against which to assess progress.

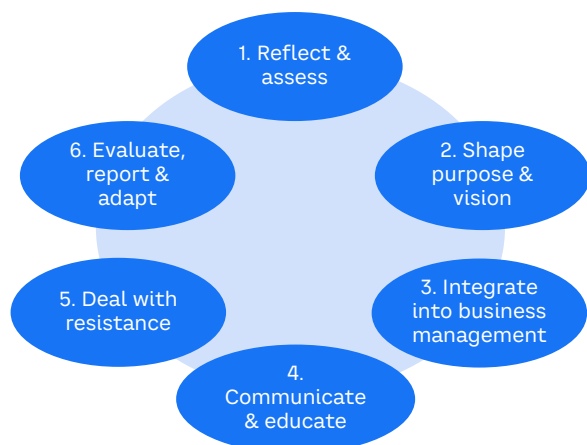
2. SHAPE PURPOSE & VISION

“Contrary to popular wisdom, the proper first response to a changing world is not to ask, ‘How should we change?’ but rather to ask, ‘What do we stand for and why do we exist?’ This should never change.”

**Jim Collins and Jerry Porras,
Built to Last: Successful Habits
of Visionary Companies**

As mentioned in Chapter 2, having an enduring and inspiring sense of purpose is essential for maintaining agility, resilience, innovativeness, and effective engagement with employees. We have written about a sense of purpose extensively at ADL, including devoting an edition of our management journal *Prism* to the topic.⁶³

Figure 2. Implementing Management by Bear



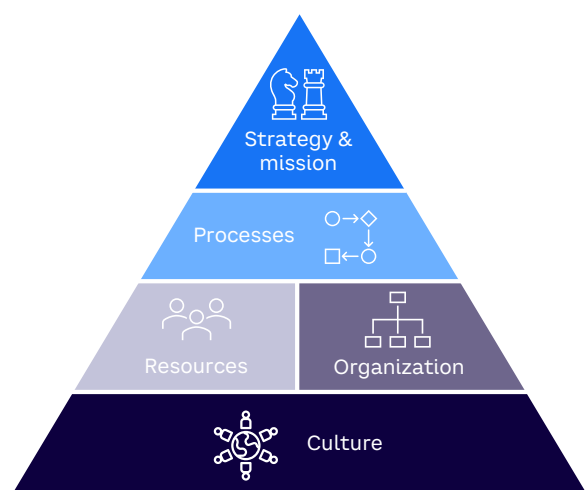
Source: Arthur D. Little

THERE'S NO FORMULA FOR ESTABLISHING PURPOSE AND VISION; IT WILL BE DIFFERENT FOR EVERY ORGANIZATION

There is a common factor among businesses that have found success through effective empathetic and ethical leadership: their leaders established a compelling vision or purpose (e.g., Unilever's net-positive company, Johnson & Johnson's Credo, or coach Rivers's ubuntu). Translating this sense of purpose into a vision — an articulation of a future state or ambition over a fixed timescale — helps inject momentum.

There's no formula for establishing purpose and vision; it will be different for every organization. To be effective, it needs to be anchored in the company's particular history and "DNA" as well as its overall future direction. A good purpose is simple, heartfelt, inspiring, product/service-independent, and enduring over time. Leadership should embody it without force-fitting or the need for big public displays or boasting. However, once established, it should be proactively communicated, and the whole organization should understand what it means, what it doesn't mean, and how it feels.

Figure 3. ADL's high-performance business framework



Source: Arthur D. Little

3. INTEGRATE INTO BUSINESS MANAGEMENT

"Knowing what's right doesn't mean much unless you do what's right."

Teddy Roosevelt

Management by Bear will stay just a philosophy unless it's embedded and integrated into the "nuts and bolts" of business management. This means fleshing out what purpose and vision mean for strategy, processes, resources, organization, and culture (see ADL's high-performance business framework shown in Figure 3).

The framework, decades old but still very useful, ensures that business management begins with strategy. It then defines the processes to deliver the strategy, aligns resources (e.g., people, money, equipment), and designs an organizational structure to run the processes. Finally, it ensures alignment of culture. Doing it in this order is preferable to the opposite: moving too quickly to a desired organization, then force-fitting processes to suit, ignoring culture, and ultimately failing to deliver the strategy. The steps in the framework are as follows:

- 1. Strategy.** The first part of strategy is translating vision and purpose into specific goals and objectives, both leading and lagging. This can mean, for example, successfully embedding measurable objectives for staff perception of attributes like assertive kindness, decisive fairness, brave adaptability, and competitive inclusivity). It also means integrating "hard goals" around, for example, sustainability, ethical performance, inclusivity, and societal benefits to complement existing goals around aspects such as costs, growth, profits, shareholder value, and productivity. Previous examples of Patagonia and TOMS exemplify value-driven strategies by prioritizing social and environmental missions alongside profitability. Some companies have gone further and place stakeholder relationships as the ultimate measure of impact (e.g., Nedbank).

2. **Processes.** Processes formally set out how things are supposed to be done to deliver the strategy. It is important to ensure that requirements embodied within codes, such as CSR, ESG initiatives, and other standards (both regulatory and discretionary), are properly reflected. Transparency and ethical rigor are basic requirements.
3. **Resources.** Resources should be reallocated to reflect new priorities. For example, Nedbank integrates sustainability and community empowerment into its financial strategy by using its resources to support social and environmental projects, such as renewable energy initiatives. Through programs like Fair Share 2030, the bank directs funds toward long-term societal benefits, aligned with the UN SDGs. Salesforce also dedicates significant resources to DEI initiatives and employee training, supporting diversity in the tech industry and empowering employees to grow personally and professionally.⁶⁴
4. **Organization.** Organizational structures typically need to be aligned and/or adjusted to encourage key traits, such as inclusivity, empowerment, diversity, creativity, and innovation. For example, Google seeks to create an open and collaborative organizational structure that encourages creativity, innovation, and diversity of thought.
5. **Culture.** Organizational culture refers to values, attitudes, and perceptions that lead to patterns of behavior. It is important to tackle culture change purposefully rather than expecting it to happen on its own. Values can be changed by establishing clear principles. For example, integrating principles like Ohana (family) and ubuntu (collective humanity) into the company culture fosters an environment of mutual support and community. However, rather than just policy statements, it is the translation of these principles into everyday working life that will change people's attitudes. Perceptions are more important than objective reality, so how leaders are *perceived* to behave themselves is a key determining factor for culture. Companies like Ben & Jerry's and Patagonia, with a focus on social responsibility, environmental stewardship, and community involvement, exemplify these cultural ideals. By fostering a culture of purpose, interconnectedness and compassion, these organizations create environments where ethical leadership and DEI are lived values, not just abstract concepts.

IT IS IMPORTANT TO TACKLE CULTURE CHANGE PURPOSEFULLY RATHER THAN EXPECTING IT TO HAPPEN ON ITS OWN

There are also specialist service providers that can help companies integrate Management by Bear principles into the organization or move from bare minimum to the "bear" minimum, if you like. These companies offer a range of services that go beyond compliance to help companies obtain the type of business benefits outlined in Chapter 3.

4. COMMUNICATE & EDUCATE

Empathetic leadership revolves around open and effective two-way communication — up, down, and across the organization. Basic approaches such as 360-degree feedback (anonymized if necessary to ensure staff feel safe to say what they really think) are powerful in helping leaders build self-awareness, better understand how they are perceived, know what they need to change/reinforce, and identify new issues they need to address. Frequent and informal communication is nearly always better than infrequent and formal.

Issues such as fairness, ethics, diversity, inclusivity, social responsibility, and sustainability are quite complex in practice, even if the underlying principles seem simple in concept. This complexity means that such issues are frequently misunderstood and perceived differently by individuals depending on their history, experience, background, culture, and even politics. A concerted effort is required to ensure that concepts are properly understood, and concerns and resistance (whether passive or active) are brought out into the open and addressed transparently. Significant attention is also needed to ensure participative and engaging staff education that translates these concepts into everyday work life.

5. DEAL WITH RESISTANCE

In any change or transformation effort, successfully dealing with resistance is key. Introducing more empathetic and ethical leadership is certainly no exception. Below, we list some common reasons for change resistance and offer suggestions for addressing it:

- **Weakness.** Some people may immediately associate compassion and kindness with weakness, so it is important to stress that kindness and strength are complementary rather than mutually exclusive. This is also why we advocate assertive kindness. Emphasize that kindness and empathy do not preclude hard-target/boundary-setting, holding people accountable, or taking corrective actions where necessary.
- **Idealism.** Showing more attention to things that only indirectly affect business results, such as culture, society, and the environment, may be criticized as being too idealistic. Fortunately, there are many real examples (including some in this Report) of how attention to these issues goes hand-in-hand with increased value creation and business success. Again, one does not necessarily preclude the other.
- **Inaction.** Some may feel that empathetic management leads to inaction, so stress that empathetic management can coexist with decisiveness and action orientation. This is why it is important to have a clear sense of purpose that translates into everyday business goals with clear accountabilities.

- **Fairness.** New approaches to fairness and some DEI initiatives can be viewed as prejudiced against those who are not part of a disadvantaged or minority group. Ensuring clarity and transparency of adopted principles and applied processes helps maintain fairness for all groups across the organization.
- **Complexity.** Proactive management of these issues inevitably adds to leadership's task load and can make processes such as monitoring and reporting more complicated. Don't try to oversimplify approaches, and embrace the inherent uncertainty found in issues related to environmental and social impacts. In practice, this means understanding complex systems and incorporating flexible and adaptable structures and approaches.

6. EVALUATE, REPORT & ADAPT

Finally, it is necessary to welcome feedback and to regularly evaluate and report on progress. Integrating reporting on issues such as ethics and sustainability, CSR, and DEI together with core business reporting is preferable, although the complexity involved sometimes makes this difficult. Finding suitable indicators to report on many of these parameters can be extremely difficult, not least because of the problems involved in gathering diverse data sets, ensuring data quality and validity, and assigning value to nonquantitative parameters, such as social or environmental health or other economic externalities. Much work is still underway to enhance reporting methods and approaches. In general, it is sensible to prioritize those indicators that are most important and easiest to generate reliably.

Management by Bear case studies

The teddy bear as a value symbol in the hard-nosed world of private equity

“When we founded Valedo close to 20 years ago, we decided to use a teddy bear (‘Valedo-nallen’), instead of the classic glass tombstone, as a symbol of a successful deal. The bear represents our belief that caring and coaching is part of active and compassionate ownership, which goes hand-in-hand with IRR.”

Nils and Per Forsberg, founders of Valedo Partners

A great example of the “teddy bear” ethos in action is Valedo Partners, a successful and growing private equity (PE) firm investing in small and mid-sized companies primarily in Sweden and the Nordic region. Valedo’s name is derived from two Latin words: “valesco” (to grow, to strengthen) and “credo” (the expression for belief or confidence in something).

Valedo emphasizes value creation through long-term growth and explicitly states that “Value creation is not only built on sales

and earnings growth but also on investments in product development and focus on customer and *employee satisfaction*.” Valedo takes pride in being an ethical and transparent investor with a collaborative philosophy: “Together with ambitious entrepreneurs, management teams, and coowners, Valedo grows companies and transforms industries.” Valedo team members are widely regarded for their active and passionate engagement by the boards of their portfolio companies and for being humble yet determined. In total, Valedo has done about 40 platform investments, 350+ add-on acquisitions, and more than 20 exits. Unlike other PE investors, Valedo uses the teddy bear as a symbol whenever it successfully completes a transaction. While others use glass or elegant plastic tombstones to mark a successful deal, Valedo differentiates itself as an ambitious but softer “parent” with “tough love” in mind, very much in line with Management by Bear.



Burning Man 2024: Bubble-hopping & teddy bears in Black Rock City

Burning Man is regarded as one of the world’s most spectacular events, a vibrant melting pot of artists, musicians, tech entrepreneurs, and free spirits. Teddy bears often contribute to the artistic landscape, exemplified here by A.A. Milne’s “Winnie-the-Pooh.” By embracing the Management by Bear philosophy, which highlights brave adaptability and advocates for bubble-hopping and Advanced Creative Thinking (including *synectics*,

an ancient Greek word for “the joining together of different and apparently irrelevant elements”), individuals open themselves up to new ideas and are empowered to step out of their social and intellectual “bubbles,” the familiar environments or groups with which they feel most comfortable. The idea is to develop a mindset of curiosity and openness toward those who are different and to find common ground through deep personal participation. The 2024 Burning Man theme, “Curiouser & Curiouser,” was inspired by Miguel de Cervantes’s words: “In order to attain the impossible, one must attempt the absurd.” Burning Man embraces the irrational and the absurd “because it’s in those timeless moments of not knowing when we’re consumed entirely by curiosity that we experience our most profound learning, growth, and creativity. All great journeys of discovery begin with a question; without that spark of curiosity no movement is possible.”¹



1 Mangrum, Stuart. “Burning Man 2024: Curiouser and Curiouser.” *The Burning Man Journal*, 27 October 2023.

Curiouser & Curiouser!



5. CONCLUSION

The subject of kindness or, even worse, *niceness* in business leadership is fraught with difficulty. Throughout history, attributes like toughness, bravery, and determination have been lauded in our leaders; kindness has been seen more as a weakness than a strength. So, the idea of Management by Bear, with its childish and cuddly associations, feels instinctively uncomfortable and perhaps even ridiculous.

However, before writing it off, it's worth considering the evidence. The world is changing rapidly, and the environment for business is changing with it. Society and individuals are much better informed about health, well-being, and ethics and are better at calling out the behaviors of bullies and narcissists. They are now much less willing to accept negative behaviors that would have previously been put up with as long as the business results were good. Workplace stress is rising at an enormous rate, and employers have a duty to respond. Regulatory obligations affecting leadership standards are also increasing. And in the VUCA world, employees must be empowered to be more agile and responsive to innovate for the future.

Leaders who want to reflect these fundamental changes, accelerate their organization's performance, and positively influence society and the wider environment should consider the Management by Bear philosophy. By being kind, positive, and inclusive, Paddington and Bamse are highly successful in their accomplishments; importantly, they are also resolute and determined, just like the original Teddy Roosevelt.

Adopting an ambidextrous mindset is key. As we have emphasized in this Report, leaders can be kind yet assertive, fair but decisive, adaptable but brave, and inclusive yet still highly competitive. Moving from a rigid, binary mindset to a more dynamic, creative, and inclusive perspective is highly desirable. A simultaneous orientation toward both relationships (empathy and care) and tasks (instructions and demands) is certainly possible and will yield better results in the longer term. It's about "tough love" rather than "love." An empathetic, empowering workplace environment, where individuals feel valued and learn from each other's perspectives, will ultimately perform better and yield more innovation. Accepting imperfection is part of the process.

The bears offer a final lesson: fun and enjoyment, when natural and not forced, are very good for the workplace. It is possible to meet the dual objectives of profit and pleasure in corporate life; when this happens, the benefits in terms of employee engagement, productivity, wellness, and loyalty are significant.

We recommend that leaders consider these Management by Bear principles, take an honest look at the strengths and weaknesses in their management styles, and muster the courage to make any necessary changes.

"Bears need people. People need bears."

Paddington

"What a man does for himself, dies with him. What a man does for his community lives long after he's gone."

Teddy Roosevelt



APPENDIX 1: ASSESSMENT TOOLS ADDRESSING AMBIDEXTERITY

Leadership ambidexterity refers to the ability to balance competing leadership demands; for example, focusing on both short-term performance (exploitation) and long-term innovation (exploration) or combining strict control with flexibility and empathy. In the context of tough-love leadership, ambidexterity is a balancing act: setting high standards (toughness) but providing emotional support and empathy (love). The following assessment tools can help address ambidexterity; they can be used “as is” or modified to fit the situation:

- **Ambidextrous Organization Canvas.** This is an ADL assessment tool that maps an organization’s balance between creativity and productivity.
- **Bubble-hopping.** Bubble-hopping is an eye-opening method through which participants nurture curiosity and train skills, such as establishing trust, understanding biases, asking questions, listening, sharing, and showing intellectual humility.
- **Leadership Circle Profile.** This 360-degree tool measures both relational and task-oriented leadership behaviors to assess ambidextrous capability.
- **DiSC (Dominance, Influence, Steadiness, and Conscientiousness).** This assessment tool categorizes leadership traits and can be used to reflect a balance between high expectations and supportive engagement.
- **Transformational Leadership Questionnaire (TLQ).** This assessment can be used to measure a leader’s ability to inspire high performance while offering individual support.
- **Gallup’s CliftonStrengths.** This assessment highlights a leader’s capacity to use diverse strengths (like command and empathy) to balance demanding performance with emotional care.
- **Situational Leadership Model.** This framework assesses leaders’ adaptability and flexibility (e.g., moving between task-focused and people-focused approaches).
- **Advanced Creative Thinking (ACT).** Enhanced creative thinking complements logical and critical analytical thinking. The ACT toolbox helps individuals break free from cognitive biases and mental blocks and promotes more innovative problem-solving and idea generation. Rather than disciplined execution-only thinking, it forces a different perspective than the default one and installs lateral thinking.

ADL AMBIDEXTROUS ORGANIZATION CANVAS

This assessment tool, developed by ADL and applied across many organizations, provides a mapping of the balance between scale/productivity and speed/creativity. The tool considers six representative dimensions across three categories:

1. **Transformation and steering** — the organizational “engine” that drives performance and change.
2. **People and culture** — the “glue” that holds an organization together.
3. **Structure and processes** — the “hardware” of an organization.

By answering a series of questions, organizations can obtain a detailed mapping of their current and desired positions across each aspect of organizational culture. Some companies may discover that, while their strategy is properly balanced between creativity and productivity according to business needs, their people, culture, and processes may show disparities across different dimensions and elements.

BUBBLE-HOPPING

Ambidexterity is the ability to simultaneously explore new ideas and perspectives while leveraging existing knowledge and skills. Bubble-hopping encourages individuals to engage with diverse perspectives and promotes the exploration of new ideas while reflecting on their own beliefs and biases. This approach helps participants cultivate curiosity and empathy, which are crucial for effective collaboration. By learning to navigate differences and transform them into strengths, bubble-hopping facilitates a cross-boundary mindset that embraces both new experiences and established frameworks and roles. Bubble-hopping can be applied in organizations to bridge divides between people and domains, improve communication, and stimulate creativity, contributing to better workplaces. At the Stockholm School of Economics, Emma Stenström implemented bubble-hopping as a pedagogical method. Participants interact with a wide range of individuals, including imams, artists, and people from various socioeconomic backgrounds. This structured approach allows participants to practice essential skills like reflection, active listening, and trust-building. The method broadens horizons and fosters empathy, helping participants become better leaders and colleagues.

LEADERSHIP CIRCLE PROFILE

This 360-degree tool evaluates both relational competencies (like empathy and trust-building) and task-oriented competencies (e.g., setting high goals and driving performance). It reflects the ambidextrous leadership concept because it examines how well a leader manages both performance demands and relationships. The Leadership Circle Profile assesses both people-focused (relationship-building) and task-focused (performance-driven) leadership styles. Leaders who score well on both dimensions demonstrate ambidextrous leadership, balancing short-term operational effectiveness with long-term employee development.⁶⁵ A leader scoring high in achieving (tough expectations) and relating (empathy) can effectively manage immediate performance goals while ensuring employee well-being.

BUBBLE-HOPPING FACILITATES A CROSS-BOUNDARY MINDSET

DISC PROFILE ASSESSMENT

DISC measures leadership across four types: Dominance, Influence, Steadiness, and Conscientiousness. Leaders can exhibit ambidexterity by balancing behaviors from different categories. For example, a combination of high Dominance (which emphasizes goal orientation and decisiveness) and Influence (relationship-building and support) reflects ambidexterity, as it shows that the leader can switch between driving performance and building strong interpersonal connections.⁶⁶ A leader who scores high in Dominance (clear, firm expectations) and Influence (engagement and support) can effectively set demanding goals while offering support and motivation to employees.

TRANSFORMATIONAL LEADERSHIP QUESTIONNAIRE

The TLQ measures leaders' ability to inspire and challenge their teams while simultaneously offering personal support. This reflects leadership ambidexterity because it involves pushing for innovation and high standards while being supportive and empathetic. The TLQ assesses both inspirational motivation (encouraging high performance and vision) and individualized consideration (attending to individual needs). This combination is a direct reflection of ambidextrous leadership.⁶⁷ A leader who scores high on both inspirational motivation (tough) and individualized consideration (love) demonstrates the ability to drive team performance while showing personal care for employee development.

GALLUP'S CLIFTONSTRENGTHS

CliftonStrengths identifies key leadership traits that help leaders balance competing priorities. For example, Command (authority, clarity) and Empathy (understanding emotions) are strengths that, when combined, represent ambidextrous leadership. Leaders who score highly in Command and Developer demonstrate their ability to set tough standards (drive results) and invest in people's development (support and care).⁶⁸ A leader with Command and Empathy likely drives teams to meet clear, tough goals but simultaneously understands and supports their emotional and professional needs.

SITUATIONAL LEADERSHIP MODEL

The Situational Leadership Model is designed to assess a leader's flexibility, directly aligning with the ambidextrous ability to adapt leadership styles. Leaders can switch between directive (high expectations) and supportive (high care) styles, depending on their team's needs. This tool evaluates a leader's ability to move between directing (focused on task completion) and coaching or supporting (focused on team development). A leader who adapts their approach based on team capability shows ambidextrous leadership.⁶⁹ A leader who adjusts their style from directing (setting clear goals and demands) to supporting (providing empathy and encouragement) based on the situation demonstrates ambidexterity.

ADVANCED CREATIVE THINKING

ACT is a group of tools and methods that helps develop a superior form of creative thinking logic, which complements logical and critical analytical thinking. Enhanced critical thinking can solve complex problems (strategic, business, or technical) while avoiding cognitive biases and mental blocks. ACT contributes particularly to the "explore" side of ambidexterity and fosters it by balancing rational analysis with creative exploration. This allows individuals and groups to navigate between conventional problem-solving and innovative thinking.

ACT FACILITATES FLEXIBLE THINKING AND ADAPTABILITY

ACT leverages a big toolbox. Various methods and tools have emerged to foster creative thinking, including Kaizen, brainstorming, Six Thinking Hats, TRIZ, synectics, and the concept/knowledge (C-K) theory. Ultimately, the key factor isn't the specific school or method used, but the underlying creative tactics that facilitate problem-solving, address strategic challenges, and support decision-making. Executives in blue-chip corporations are normally used to address productivity and disciplined execution; ACT facilitates flexible thinking and adaptability — which are essential for ambidexterity in creative processes. In fact, ACT fosters the ability to deal with disruptions, complexity, uncertainty, and apparent contradictions.

Several ACT tools can be used to generate creative ideas. Some of these tools utilize metaphorical thinking or exercises such as "Forbidden Words," which push groups to explore unconventional solutions while maintaining focus on practical implementation. There are also ACT examples where a shift in mindset is key. ADL once partnered with a company that was developing a cordless iron. The teams faced a challenging question: "Who can design a small, affordable battery capable of storing enough energy to generate water vapor?" At that time, such a battery didn't exist, and no lab had managed to create one. The breakthrough came when we shifted our perspective, reframed the question, and explored alternatives. Instead of focusing on the battery, we considered the effect of steam. We rephrased the question to: "Is there a substitute for water vapor that possesses similar properties but requires less energy?" This shift led the teams to discover water atomization technologies. By looking for an alternative to steam, we transformed the seemingly unsolvable problem of energy storage into a manageable issue of reducing energy consumption.



APPENDIX 2: CASE STUDIES ILLUSTRATING THE PHILOSOPHY

Many companies have successfully navigated disruptions and cultivated a robust “culture of good” by adopting philosophies that align with or further develop the principles of Management by Bear. While no company is perfect or immune to criticism, these businesses have generally maintained their momentum, learned from their experiences, and adapted accordingly. There are valuable lessons to be learned from both proponents and critics in this debate. The following examples, some of which we refer to in the main Report, are worth consideration and reflection.

BEN & JERRY'S

Industry: Ice cream

Philosophy

Ben & Jerry's is renowned for its commitment to social justice, embedding ethical leadership and fairness deeply within its business practices. The company, which focuses on environmental sustainability, fair trade, and social equity, has been said to “reflect a business model that is as much about making a positive impact as it is about profitability.”⁷⁰

Initiatives

Ben & Jerry's actively supports various social causes, such as climate justice, racial equity, and LGBTQ+ rights. These initiatives are in line with its foundational principles of kindness and ethical leadership. Co-founder Ben Cohen's statement mirrors the South African ubuntu concept of community and shared humanity (“I am because you/we are”):⁷¹ “As you help others, you are helped in return. As your business supports the community, the community supports your business. We're all interconnected. And as we help others, we cannot avoid helping ourselves.”

BUSINESSES CAN INTEGRATE SOCIAL RESPONSIBILITY INTO THEIR CORE STRATEGIES WITHOUT COMPROMISING THEIR FINANCIAL GOALS

Concerns

Despite its noble intentions, Ben & Jerry's has faced criticism that its strong focus on social issues may detract from its core business objectives, potentially impacting its profitability and market positioning.⁷² However, many commentators disagree.

Response

Ben & Jerry's refers to its “progressive, nonpartisan social mission that seeks to meet human needs and eliminate injustices in our local, national, and international communities by integrating these concerns in our day-to-day business activities.” It endeavors to maintain a balance between such mission-driven initiatives and its business operations. The company demonstrates that it is possible to be profitable while aggressively pursuing a social justice agenda, encapsulated in its motto: “Fighting for Climate Justice, One Scoop at a Time.” In 2023, Ben & Jerry's was still the leading ice cream brand in the US, based on sales of \$951 million.⁷³ This approach showcases how businesses can integrate social responsibility into their core strategies without compromising their financial goals.

GOOGLE

Industry: Online tech

Philosophy

Google's corporate culture is built on the pillars of inclusivity, fairness, and innovation. The company strives to maintain a supportive and open work environment that enables every employee to excel.⁷⁴

Initiatives

Google actively engages in numerous DEI initiatives, declaring that it promotes a workplace culture that encourages curiosity, ethical practices, and innovative thinking. For Google's Chief Diversity Officer Melonie Parker, DEI is not just a professional obligation but a personal crusade. Parker, who is a Black woman, shares her personal connection to DEI, stating, "DEI isn't just a buzzword for me — it's personal," adding, "I know what it feels like to be the only person in a room who looks like me."⁷⁵ Google's dedication to inclusivity is also evidenced by its top score of 100 on the 2024 Disability Equality Index across multiple countries, including Brazil, India, Japan, and the US, highlighting its commitment to fostering an inclusive and accessible workplace for all employees.

Concerns

Google has come under intense scrutiny and criticism regarding its privacy and data security practices. Concerns have been raised about how the company manages user data and the implications of these practices on consumer trust.⁷⁶

Response

In response to these critiques, Google has taken significant steps to bolster its privacy protocols, enhance user control of data, and improve transparency regarding its data handling and security measures.

HITACHI

Industry: Conglomerate (energy solutions, IT, social infrastructure, high functional materials/components, etc.)

Philosophy

Hitachi, a leading global technology company based in Japan, is committed to "supporting people's quality of life with data and technology that foster a sustainable society." The company emphasizes sustainable development, believing that technological advancement should benefit both people and the planet. Hitachi prioritizes DEI as key drivers for sustainable business growth and social value, fostering an inclusive environment where every employee feels respected and valued. CEO Keiji Kojima aligns with Hitachi's commitment to social sustainability by advocating for fair working conditions and leveraging technology to enhance employee well-being. He believes that if technology can be integrated and leveraged by humans, "it is possible to reduce the physical and mental burden on frontline workers and improve their well-being." Kojima also holds the principle of "Powering Good" as a guiding force, emphasizing that technological advancements like AI must be used thoughtfully to foster a better society, ensuring both social and environmental benefits: "As we shift into a sustainable growth mode, Powering Good is like a guiding principle for Hitachi that I hold dear, and which goes hand-in-hand with the slogan, Inspire the Next. For example, I believe that the rapid evolution of generative AI will require us humans to improve our ability to discern what is good."

Initiatives

Hitachi practices Sustainability Management, positioning sustainability at the core of its business strategy through its Social Innovation Business. In his mission, Kojima clearly states: "We have set three important goals under the Mid-term Management Plan 2024: (1) acquisition and development of digital talent; (2) promotion of diversity, equity, and inclusion; and (3) increase employee engagement."

In this plan, well-being and enhancement of human capital through DEI, enhanced quality of life, and health and safety are core pillars. Hitachi's DEI efforts are supported by a revised policy emphasizing allyship, psychological safety, and increasing representation across diverse groups.

Concerns

The Japanese working culture, including Hitachi, has faced criticism regarding labor practices. Reports have highlighted issues related to overwork and employee burnout, suggesting that the company needs to improve work-life balance and employee well-being.⁷⁷ Furthermore, issues with DEI have been identified as a general problem across Japan with calls for improvement for the country to keep its competitive edge.⁷⁸

Response

To address these challenges, Hitachi has adopted an integrated sustainability strategy, engaging with stakeholders to ensure that its practices align with its commitment to societal impact. This approach ensures that Hitachi's progress contributes to broader social and environmental goals, exemplifying its dedication to a sustainable future. To address employee well-being, Hitachi has implemented various measures, including flexible work arrangements allowing employees to work four days a week and mental health support programs.⁷⁹ The company promotes workload management to prevent burnout and encourages employees to take vacation days and disconnect from work. Hitachi also offers health and wellness programs, leadership training to recognize burnout, and conducts regular employee satisfaction surveys to gather feedback on work-life balance. Additionally, Hitachi has communicated that it will increase employee ratings and compensation of employees showing respect for diversity, including gender and nationality, to promote an inclusive workplace.⁸⁰

IKEA

Industry: Furniture and home goods

Philosophy

IKEA operates on the principle of "democratic design," which emphasizes creating well-designed, functional, and affordable furniture "for the many, not the few." Founded by Ingvar Kamprad in 1943, this philosophy reflects a commitment to sustainability, innovation, and accessibility. The company's strong values, shaped during a time of resource scarcity, guide its operations and foster a culture of simplicity, creativity, and problem-solving.

IKEA's leadership principles are deeply intertwined with its philosophy. Kamprad's transformational and charismatic leadership style exemplifies the idea of leading by example. He famously stated, "If there is such a thing as good leadership, it is to give a good example." This belief resonates throughout the organization. Kamprad's commitment to frugality — demonstrated through his own simple lifestyle — continues to serve as a guiding principle for IKEA, promoting cost-consciousness and efficient use of resources. Moreover, Kamprad's emphasis on intangible motivation, such as personally handing over Christmas gifts to thousands of employees, fosters a sense of belonging and loyalty within the workforce. This nurturing environment aligns with IKEA's overarching philosophy of caring for people and the planet, making sustainable living accessible to all.

Initiatives

Sustainability is integral to IKEA's business strategy. The current CEO of Inter IKEA Group, Jon Abrahamsson Ring, states, "We maintain a long-term perspective and are actively contributing to limiting our impact on climate change, reversing nature loss, and securing equitable growth." The company aims to use only renewable or recycled materials by 2030.

For example, in 2023, it introduced bio-based glue in its Lithuanian factory and explored new technologies for recycling fiberboard. Highlights from 2023 include achieving 100% renewable electricity in 25 retail markets and 408 factories or suppliers, alongside a 52% reduction in the climate footprint from product use compared to 2016. Moreover, IKEA collaborates with Fryshuset's Future Minds, a platform for discussing sustainability topics with upper secondary school students that aims to inspire youth to change the world for the better. Other social initiatives include an engagement with the group Save the Children and the initiative "On Equal Terms" for children in areas with sociodemographic challenges.

Concern

Despite these achievements, IKEA has faced criticism regarding its resource consumption and the environmental impact of mass production. Critics argue that the scale of production can lead to unsustainable practices, such as deforestation and waste. To address these challenges, IKEA aims to halve greenhouse gas emissions from its value chain by 2030 and reach net zero by 2050, with these goals submitted for approval to the Science Based Targets initiative (SBTi).

Response

In response to environmental concerns, IKEA emphasizes transparency and accountability. Pär Stenmark, Chief Sustainability Officer at Inter IKEA Group, highlights the urgency of acting against global warming and advocates for a complete phase-out of fossil fuels and deforestation. The company is also focusing on reducing plastic packaging by approximately 47% compared to 2021 and innovating products like the new tableware line made from ceramic production waste. This proactive approach reflects IKEA's philosophy of constant renewal and improvement.

MAHINDRA

Industry: Conglomerate (automotive, aerospace, agribusiness, and more)

Philosophy

Mahindra Group, a global conglomerate based in India, is guided by the motto "Together, We Rise." The company emphasizes sustainability, DEI, and innovation. This philosophy reflects the belief that business success should foster positive change in communities and promote a better future for all. As Chairman Anand Mahindra states, "Sustainability is a part of our 'Rise' philosophy. You cannot rise if you take more from the community than you put back." In 2020, UN Secretary-General António Guterres acknowledged Mahindra's innovative cleantech initiatives as a key component of its ESG framework, calling it "exemplary work that is being carried out in the country."⁸¹

Initiatives

Mahindra's initiatives are guided by its "Planet Positive, People Positive, Trust Positive" approach, underscoring its commitment to employee well-being, women's empowerment, sustainability, and building trust with stakeholders. The group focuses on renewable energy, sustainable agriculture, and electric mobility, striving to lead in responsible business practices. Mahindra aims to achieve carbon neutrality by 2040 and has set ambitious goals around this target. The Tech Mahindra Foundation supports various social initiatives, including support programs for women with cancer and improving education for visually impaired individuals. Additionally, Mahindra fosters a vibrant workplace culture through its JOSH team, comprised of "life enthusiasts" dedicated to creating a fun and engaging work environment. This initiative promotes employee well-being, contributing to overall job satisfaction and productivity.

Concerns

Balancing growth with sustainability presents a complex challenge for Mahindra. The pursuit of expansion must be reconciled with the need to minimize environmental impact and uphold social responsibilities, creating potential tensions in decision-making, particularly in the automotive sector where reliance on combustion engines remains a concern.

Response

To navigate these challenges, Mahindra adopts an integrated sustainability strategy that embodies its Planet Positive, People Positive, Trust Positive framework. This ensures that its business practices align with its commitment to positive societal impact. The group actively engages with hundreds of stakeholders, including local communities and nongovernmental organizations, to foster partnerships that reinforce its mission. This approach ensures that Mahindra’s financial and technological progress contributes to broader social and environmental goals, exemplifying its dedication to rising for good.

NEDBANK

Industry: Banking

Philosophy

Nedbank Group, a prominent financial institution in South Africa, is deeply rooted in the African philosophy of ubuntu, which underscores community, interconnectedness, and mutual compassion. The organization prides itself on ethical leadership and social responsibility, fostering a culture that embodies the essence of ubuntu (“I am because we are”).

Initiatives

Embracing the tenets of ubuntu, Nedbank integrates this philosophy into its operational framework, implementing initiatives that enhance collaboration, inclusivity, and societal advancement. The bank places a significant emphasis on financial inclusivity and sustainability, aiming to empower both its workforce and clientele. Nedbank’s operational ethos is centered on generating shared value, with the institution’s prosperity contributing to societal welfare. As articulated on its Facebook platform,

“In the spirit of ubuntu, we believe in sharing stories and creating opportunities that leave an impact on our people and communities. We’re here to take on the entrepreneurial journey by showcasing ideas, start-up businesses, and helping to rebuild SA.”

Concerns

The dual objectives of profitability and social responsibility present a complex balancing act for Nedbank. The institution must navigate the potential conflict between immediate financial objectives and the pursuit of long-term societal benefits.

Response

To reconcile these challenges, Nedbank strategically aligns its business endeavors with its ubuntu-driven ethos, ensuring that economic achievements and social contributions are mutually reinforcing. The bank actively engages with communities through diverse outreach initiatives and partnerships, solidifying its dedication to engendering a positive societal impact alongside maintaining robust business performance.

PATAGONIA

Industry: Outdoor recreation clothing

Philosophy

Patagonia, often hailed as “The Good Company,” is renowned for its commitment to environmental sustainability and ethical business practices. The company’s core values integrate kindness, ethical leadership, and fairness, influencing every facet of its operations.

This is also apparent in the vision of its founder, Yvon Chouinard: “It’s important to know the difference between a manager and a true leader.... A familial company like ours runs on trust rather than authoritarian rule.”⁸²

Initiatives

Patagonia’s commitment to the planet is demonstrated through its “1% for the Planet” initiative, where it donates 1% of its sales to environmental groups.⁸³ This commitment is extended by its fair labor practices and active advocacy for climate action.

MANY COMPANIES HAVE ADOPTED PHILOSOPHIES THAT ALIGN WITH OR FURTHER DEVELOP THE PRINCIPLES OF MANAGEMENT BY BEAR

Concerns

Despite its strong environmental ethos, Patagonia has faced accusations of greenwashing. Critics argue that the company's sustainability claims might not completely align with the actual scope of its environmental efforts.⁸⁴

Response

Facing these criticisms, Patagonia maintains a transparent approach and is committed to continual improvement. The company provides detailed public reports on its environmental impact and the measures it takes to enhance its sustainability practices.

TOMS SHOES

Industry: Footwear

Philosophy

TOMS is renowned for its "One for One" initiative, where each purchase of its shoes results in a donation of a pair to someone in need. This model, envisioned by founder Blake Mycoskie, symbolizes the company's commitment to blending business with compassion, empathy, and ethical leadership.⁸⁵

Initiatives

Expanding its scope, TOMS now supports not only shoe donations but also mental health, clean water initiatives, and other social causes, demonstrating a strong commitment to fairness and inclusivity. Its foundational promise — to donate a pair of shoes for every pair sold — has positively impacted communities across Argentina, Ethiopia, Guatemala, Haiti, Mexico, Rwanda, South Africa, and the US.⁸⁶

Concerns

The "One for One" model, while widely praised, has faced criticism for not addressing the deeper causes of poverty and potentially creating dependency rather than fostering sustainable development.⁸⁷ In response, TOMS has adjusted by shifting 40% of its shoe production to countries where it also donates, including Kenya, India, Ethiopia, and Haiti.

Response

In response to its critics, TOMS has refined its approach to focus more on sustainable solutions and long-term impacts, moving beyond mere donations. This strategic shift highlights the company's dedication to truly supporting and uplifting the communities with which it engages.

SALESFORCE

Industry: CRM software

Philosophy

Salesforce is celebrated for its dedication to equality, ethical leadership, and philanthropy, weaving these principles into the fabric of its corporate culture and business operations. This approach is part of its broader vision to leverage business as a force for positive change. A central aspect of this philosophy is the 1/1/1 model. Salesforce contributes 1% of its software, 1% of its equity, and 1% of its employees' time to support communities around the globe. This distinctive approach to social responsibility has consistently earned Salesforce recognition as "The World's Most Innovative Company" by *Forbes Magazine*. In 2017, *Fortune* ranked the company 20th among the world's most admired companies and recognized it as a leading workplace for giving back.⁸⁸

Initiatives

At the heart of Salesforce's corporate ethos is the Ohana culture, which draws inspiration from the Hawaiian concept (a broader family that encompasses not just relatives but also friends and neighbors). This philosophy underscores the importance of unity and mutual support within the Salesforce community. The company actively supports various social causes, including education, homelessness, and equality initiatives, underscoring its strong commitment to social responsibility. During his tenure at Oracle in the 1990s, Marc Benioff, founder and CEO of Salesforce, nurtured a strong passion for philanthropy. After a sabbatical on Hawaii's Big Island in 1997, he came to the realization that he didn't have to choose between his love for business and his desire to do good. "There's no reason why your business, your personal philanthropy, and your corporate philanthropy can't be integrated," he says. "On the contrary: If you can get all the wood behind one arrow, that's how you're going to increase your impact."⁸⁹

Concerns

Despite its stated values, Salesforce has encountered criticism concerning its workplace environment, particularly issues related to diversity and inclusion across different levels of the organization.⁹⁰

Response

In reaction to these critiques, Salesforce has intensified its efforts in DEI. The company has established clear objectives and enhanced transparency in its progress reporting, reaffirming its dedication to overcoming these challenges and cultivating a more inclusive workplace.

ZAPPOS

Industry: Online retail

Philosophy

Zappos, an online retailer specializing in shoes, clothing, and accessories, is widely recognized for its customer-centric philosophy and dedication to employee satisfaction, embodying values of kindness and fairness in its operations.⁹¹

Initiatives

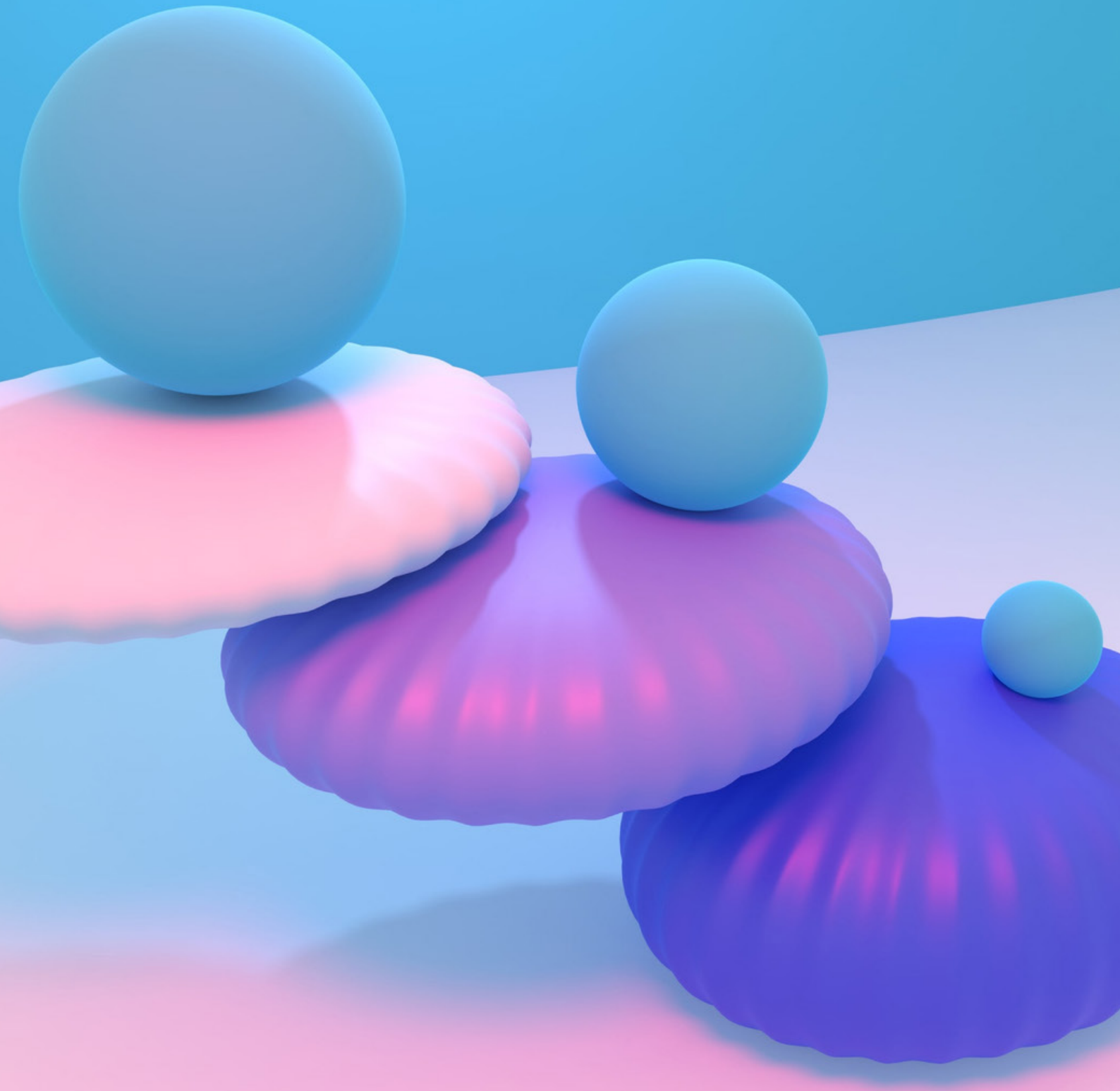
The company is committed to delivering outstanding customer service and refers to fostering an empowering atmosphere for its staff, which is indicative of its ethical leadership and commitment to inclusivity. The relocation of its Nevada headquarters to the former Las Vegas City Hall was a strategic move by then-CEO Tony Hsieh to blur the lines between work and leisure, aiming to create a community-like environment where employees feel a seamless integration between their professional and personal lives.⁹²

Concerns

Despite its positive culture, Zappos has faced challenges related to work-life balance, with some employees feeling the pressure of its high customer service expectations, which can impact job satisfaction.⁹³

Response

In response to these issues, Zappos has implemented various support mechanisms and flexibility options for its employees, alongside enhancing its wellness programs. These measures aim to promote a healthier work environment and ensure that employees are both happy and productive.



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