

Value Orientations as a Basis for Successful Leadership in the 21st Century

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A guest article by Dr. Wolfgang Schröder
Peter Drucker (2002): "In a traditional crew, workers serve the system. If, however, the employees of a company are experts, the system is subordinate to them."

The Current Status

It's a fact that leadership has become a bigger challenge today compared to the last century. The main reasons for this are increasing globalization and interconnection, digitalization, rapid technological developments particularly in the field of telecommunication, stricter governmental regulations and altered social expectations towards organizations. The broadly accepted term VUCA summarizes the consequences for leaders: Leaders have to deal with more volatility, greater complexity, increased ambiguity and more ambiguity, if enterprises want to remain successful, organizations, leaders and employees need to change. Everything needs to become more agile, they say.

A Déjà-Vu-Experience?

This is not the first time that fundamental changes of leadership promise future leadership success. The last time this happened was in the 1990s. Back then, leadership success was to be increased by more customer-orientation. After all, we lived with the "service desert of Germany". Together with managers of progressive enterprises, I developed the characteristics of customer-oriented business and in 1998, more than 20 years ago, compiled them in form of a book. It enabled readers to assess their own situation (Figure 1).

Table with 2 columns: The customer-oriented enterprise and Assessment. Rows include: emphasizes publicity so customers can get to know the company, uses instruments and methods to measure customer satisfaction, invests time and money to identify developments in the company's environment, has systematic parts of information so that customer-facing employees know how reaches the right places/areas within the enterprise, makes sure that development departments also are in touch with customers, promotes trans-divisional thinking and acting, leaves room to develop and test creative, promising ideas, is open to the new, can let go of the old, the sentence "not invented here" is frowned upon, has got a culturally constructive way of dealing with mistakes and failures to learn from them, is able to develop demanding, motivating goals and implement them, leaves room to act and decide within a framework of target agreements, caters for flexible, result-oriented and motivating general conditions in the organization, has got an organization chart placing the customer first or in the center, and also lives up to it, creates general conditions to attract, develop and keep customer-oriented employees.

Figure 1: Ideal profile of a customer-oriented enterprise

Apparently, 20 years later, organizations still don't fulfill these criteria. Suggestions on how to increase agility in order to successfully deal with VUCA – today's challenge – show this. After all, Wikipedia, for instance, defines six dimensions of agility not very different from suggestions on how to increase customer satisfaction<sup>1</sup>:

- Agile Objective Image
Customer-oriented organizational structure
Iterative process landscapes
Employee-centered understanding of leadership
Agile HR and leadership instruments
Agile corporate culture

Old Wine in New Bottles?

Of course, an ideal profile of customer-oriented behavior was developed, since not only the basic conditions within the organization were to be arranged in a customer-oriented way – even employees' and leaders' behavior was to be directed towards customer-orientation (Figure 2).

Table with 2 columns: Features of intense customer-orientation and Assessment. Rows include: The customer's interests are at the center, Customer satisfaction is evaluated constantly, When customers (even on the phone) are present, they have always priority, When customers have a problem, everything possible is done to solve it, The statement "I'm not responsible for that" is a "cardinal sin", Customer interests are responded to flexibly and in favor of the customer, Customers are partners, direct contact is established, relations are personal, Customers are always treated in a polite, obliging, friendly, professional way, The customer is served promptly (phone rings max. 3x, no waiting times), When designing the shopping location and shopping time, customer interests are considered, Complaints are perceived as opportunities to improve, Foreign languages are not a problem, cultural differences of the customer are known, When planning new products/services customers are taken into account, customers are involved in new developments, new, creative ways to amaze and show the customer how important they are to the company.

Figure 2: Features of intense customer-orientation

Here, too, you can do a self-critical check if leaders and employees today behave adequately respectively if they may do so.

As early as in 1998 the question came up if the behavior within the company towards internal customers and therefore towards staff and co-workers should be similar to the behavior shown towards external customers, or if it at least should be compatible. If internal and external behavior differed a lot, this would lead directly into schizophrenia and could only be managed by means of intense acting training. Therefore, a thought experiment was proposed: Figure 3 shows the same content as Figure 2 (features of intense customer orientation); only the term customer was replaced by the term employee.

Features of intense employee-orientation can be described this way.

Table with 2 columns: Features of intense employee-orientation and Assessment. Rows include: The employee's interests are at the center, Employee satisfaction is evaluated constantly, When employees (even on the phone) are present, they have always priority, When employees have a problem, everything possible is done to solve it, The statement "I'm not responsible for that" is a "cardinal sin", Employee interests are responded to flexibly and in favor of the employee, Employees are partners, direct contact is established, relations are personal, Employees are always treated in a polite, obliging, friendly, professional way, The employee is served promptly (phone rings max. 3x, no waiting times), When designing the shopping location and shopping time, employee interests are considered, Complaints are perceived as opportunities to improve, Foreign languages are not a problem, cultural differences of the employee are known, When planning new products/services employees are taken into account, employees are involved in new developments, new, creative ways to amaze and show the employee how important they are to the company.

Figure 3: Features of intense employee-orientation

In 1998, this seemed bewildering to many enterprises. A common reaction was: "Yes, sure – we're going to roll out the red carpet for employees." Today, they do much more than just getting a red carpet in order to attract even less-loyal employees and managers, who are able and willing to perform.

VUCA and Internal Bottlenecks

20 years ago – in pre-VUCA times – seemingly, a sufficient number of that kind of employees and managers was available to most companies. In a VUCA world they became a bottleneck. The challenges by VUCA are enormous: Computers and robots do anything programmable, and employees who could only do those tasks, lost their jobs.

Your mission is an increasing number of tasks with situative requirements for action and decision, and problems new to the enterprise that need to be solved. Both require profound professional expertise, knowledge about modern methods and broad basic knowledge. Therefore, the percentage of well-trained employees – experts – grows steadily. These employees and managers are more demanding when it comes to leadership. Moreover, social and individual values have changed. Work-life balance, home office, the gender topic, but also environmental protection, climate change or migration among others affect behavior.

However, there are companies that have dealt with those challenges already in the last century. High-tech enterprises like IBM, MBB, EADS, have been living in a VUCA world for 30 years. Highly complex products, e.g. in aviation or aeronautics, rapid technological development, cooperation within conflicting matrix structures and multi-national cooperation, global customers or CIM (computer integrated manufacturing) already formed a part of everyday-life back then. Dietrich Dörner didn't just randomly choose MBB managers as test persons for his book Die Logik des Misslingens – Strategisches Denken in komplexen Situationen (The Logic of Failure – Strategic Thinking in Complex Situations) (1989).

Even back then, you could experience changed employee expectations: In the 1980s, 80% of employees at MBB's Ottobruner branch had an academic degree as work content required qualified experts. Leading this multidisciplinary staff was highly demanding. They were experts, often with a much deeper specialized knowledge than their managers in an extreme situation enterprises today are heading for in a similar degree due to digitalization. Already back then, these experts were self-confident, well-informed, well connected, followed their own lifestyles, were very mobile and few. Due to demographic developments, they are even fewer today.

Changes and Values

It was clear that single measures could not provide for long term changes in organizations. Employees and managers must BE ABLE TO, WANT TO and BE ALLOWED TO. When it comes to WANT TO, the motivation, this is a special challenge. At the Ottobruner Gespräch (Ottobruner Dialogue), an event taking place for several days every year with internal and external experts involved, we dealt with backgrounds and determining factors. In 1986 for example, the topic Die Arbeit im Spannungsfeld technischer und gesellschaftlicher Entwicklungen im Fokus. (Work in the Area of Conflict of Technological and Social Developments was taken into focus). In 1992 it was Orientierung am Chaos – Möglichkeiten der Wahrnehmung und Steuerung komplexer Prozesse (Orienting to the Chaos – How to Perceive and Control Complex Processes).

In the course of time and having experienced backlashes and dead ends, a model for a leadership system adapting the viable system model by Stafford Beer emerged that shows key determining factors and correlations<sup>2</sup> (Figure 4).

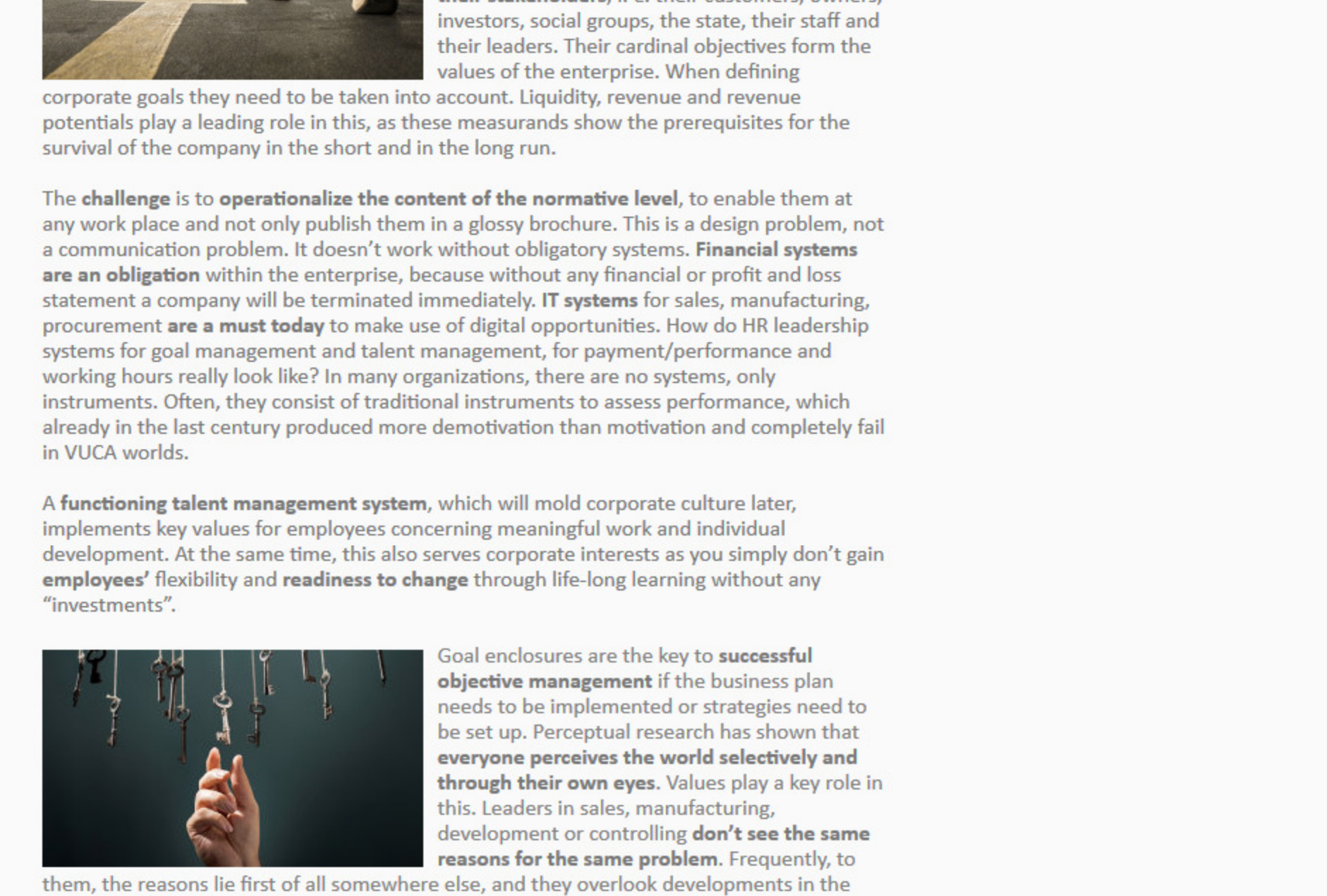


Figure 4: Leadership system model

The overall concept and leadership principles connect the normative level – the corporate values. This distinction mirrors the value concept by Milton Rokeach (1973)<sup>3</sup>, which is most frequently referred to in value research. The distinctions between terminal values (fundamental goals in life) and instrumental values (desired ways of behavior). For both value categories, Rokeach developed the Rokeach Value Survey (RVS) with 18 value concepts each, which rank according to individual importance on a spreadsheet. Thus, value structures become visible that have been proven to affect behavior<sup>4</sup>.

Values on a Corporate Level

Comparing the mission statements of enterprises, it becomes obvious that there are no big differences. This is no surprise. If companies want to survive on the long run, they need to consider the objectives and interests of their stakeholders, i.e. their customers, owners, investors, social groups, their staff and their leaders. Their cardinal objectives form the values of the enterprise. When defining corporate goals they need to be taken into account. Liquidity, revenue and request potentials play a leading role in this, as these measurands show the prerequisites for the survival of the company in the short and in the long run.

The challenge is to operationalize the content of the normative level, to enable them at any work place and not only publish them in a glossy brochure. This is a design problem, not a communication problem. It doesn't work without obligatory systems. Financial systems are an obligation within the enterprise, because without any financial or profit and loss statement a company will be terminated immediately. If systems for sales, manufacturing, procurement are a must today to make use of digital opportunities. How do HR leadership systems for goal management and talent management, for payment/performance and working hours really look like? In many organizations, there are no systems, only instruments. Often, they consist of traditional instruments to assess performance, which already in the last century produced more demotivation than motivation and completely fall in VUCA worlds.

A functioning talent management system, which will mold corporate culture later, implements key values for employees concerning meaningful work and individual development. At the same time, this also serves corporate interests as you simply don't gain employees' flexibility and readiness to change through life-long learning without any "investments".

Goal enclosures are the key to successful objective management if the business plan needs to be implemented or strategies need to be set up. Perceptual research has shown that everyone perceives the world selectively and through their own eyes. Values play a key role in this. Leaders in sales, manufacturing, development or controlling don't see the same reasons for the same problem. Frequently, to them, the reasons lie first of all somewhere else, and they overlook developments in the environment surrounding companies.

If decisions have to be made in a volatile, complex, uncertain and ambiguous world, a multiple eyes principle and an open discourse is key. It makes sure that the means of values is that the vast pile of information to be taken into account needs to be organized in an intelligent way, so to say, it needs to be ready for decision-making. Today, you do need to take into regards any stakeholders' objectives. Value-orientation makes sure that potential and indirect challenges are analyzed in a holistic way. It's not enough to consider direct challenges posed by competitors. When the effects and consequences of a decision under VUCA conditions are not considered, more additional problems than solutions will arise.

Values and Staff Leadership

Even the content of leadership principles is interchangeable. However, values don't play a huge role in staff leadership today. Leadership styles dominate here. Up to 2003, a known consulting company wrote that leaders always needed to practice six effective leadership styles, namely "directive, visionary, promoting team spirit, participative, coaching or perfectionist", and "the more different leadership styles a manager practices, the better will be the climate created".

A Google analysis underlines the importance of leadership styles in leadership coaching. In January 2019, payed online offers including the term "leadership training" that were most frequently requested were analyzed. In 11 out of 15 courses, leadership styles were a key element, even were even based on situative leadership, the suggestion to adjust behavior to the according situation. In a VUCA world, this will lead right into a bad leadership climate. When the world becomes more uncertain, more complex and more ambiguous, trust becomes more important. Miles Lubman found out as early as in 1988 that trust helps to deal with uncertainty. It's nearly impossible to trust leaders changing their behavior from "directive" to "participative" or vice versa. Unpredictable leadership styles cause enormous stress among employees.

Leaders to be trusted need to be authentic, predictive and no unselective chameleons. Those who want to be leaders need authority, and especially in lower management levels, it doesn't automatically come with the position that any kind of behavior can be justified. Smart leaders, in particular in lower management positions, don't mess around with those theories, just like MBB managers 30 years ago. They know for sure that they will only reach their objectives together with qualified employees.

When values play a role in leadership trainings, which is not the case in traditionally leadership trainings, value orientation is key. It makes sure that the means of values becomes obvious and the individual behavior is reflected by values. Value orientation needs to be developed.

Over many years, trainers have made use of the Rokeach Value Survey<sup>5</sup>. Leaders haven't only reflected on their own values but also on the values of employees. The assessment of employees' values from the outside was really intended to find out about managers' prejudices towards employees. It went the same way in seminars with employees. Figure 5 shows a summarized result from seminars with all of 147 managers and from seminars with 285 employees. The lower the rank of value, the more important the value is.

Table with 2 main sections: 147 Führungskräfte and 285 Mitarbeiter. Columns include: Seminar-Werte, Wert (Rangfolge), Signif. (Rangfolge), Empfindung Mitarbeiter-Werte (Rangfolge), Wert (Rangfolge), Signif. (Rangfolge), Empfindung (Rangfolge). Rows include: Selbstachtung, Hilfsbereitschaft, Gehorsam.

Figure 5: Seminar result for the assessment of values

When managers think that to employees the behavioral value "obedience" is more important than to themselves, this is rather useful thinking. If employees, however, think "obedience" is not important at all to themselves, leadership-authority-obedience – this is bound to conflict.

You get to a core of leadership through the differentiations of the value "self-esteem". Managers, but employees as well, have the prejudice that self-esteem is significantly less important to the other group. This prejudice needs to be highlighted if leadership is to improve. Leadership must be based on respectful behavior to keep up the self-esteem of an employee and the leader. There is no other choice how to behave. New research has confirmed this experience: The most frequent reason for employees to quit their job is a lack of appreciation by their managers.<sup>6</sup>

If people's appreciation and self-esteem is not taken into account, this will turn out as a decisive mistake: Sustaining their own self-esteem is one of the three most important values – both for leaders and employees.

If this becomes clear in the training, leaders will rely as in several seminars (Figure 6 shows a summary of the results) to the question: "How can leaders promote respect and self-esteem among employees?"

Table with 2 columns: In % and Ansatzpunkte zur erfolgreichen Einwirkung. Rows include: 29. MIt in Aufgaben/Ziele einbeziehen, 17.5. Anerkennung der Leistung, 25. Zuhören, Rückfragen, auf Menschen eingehen, 7.5. Weiterbildung, Entwicklung Einzelner und andere Rahmenbedingungen, 100.

Figure 6: What does promote respect/self-esteem?

Leaders' replies concerning in particular the leadership of teams consisting of qualified employees lead directly to the fundamental demand in VUCA worlds: "to make people affected participative". This helps to avoid the four fundamental mistakes in VUCA worlds:

- Underestimation of innovation and the effects of changes, selective gathering of information due to information overload and prejudice, lack of systematic thinking
Lack of goals, instant thinking in tasks (approaches) instead of results
Starting numerous actions without proper planning, heading into projects without any strategy, no change of indirect factors, which are relevant for the solution however
People affected don't become participants, which always leads to resistance to change, no liability

If those mistakes ever to be avoided, value orientation as a basis of behavior should be taken into account. As early as in 2002 Peter F. Drucker pointed out that the knowledge society increases the demands for leaders who manage groups of highly diverse experts. "In a traditional crew, workers serve the system. If, however, the employees of a company are experts, the system is subordinate to them." A new study confirms the experience: "The most frequent reason for dismissal on the part of employees is insufficient appreciation by their superiors".

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3 Pleaszer also see Schröder, Wolfgang: Orientierung an Werten steigert den Erfolg von Führung (Value-Orientations Increases Leadership Success). In: https://www.onpudon.de/4111/orientierung-an-werten-steigert-den-erfolg-von-fuehrung/
4 https://www.nv.de/fuehrer/Deutlich-kuenftigen-Arbeitnehmer-artikel-20931791.html

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About the Author

Dr. Wolfgang Schröder is both an employee and a manager at Fichtel&Sachs and MBB. Then he worked as a freelancer, consultant and coach at EADS and for company groups, medium-sized enterprises and public clients.

In 1983, he wrote, together with Rolf Brömmel, the most frequently referred to German classic on qualification monitoring. Since then, verifiable effectiveness and sustainability are his success metrics. Please find more information on his website.



Tagged under Leadership, customer focus, Strategic Thinking, Digitization, Strategy Development



Table with 2 columns: SOLYP3 and SOLYP3 Work. Rows include: Company, Success Stories, Blog, Contact.

Table with 2 columns: SOLYP3 and SOLYP3 Work. Rows include: Strategy Glossary, Events, Contact, Imprint, Privacy Policy, Data Protection Notice, Opting Out, Photography Notice at Events.