

A Call for Responsive and Responsible Leadership

Leaders have to be responsive and responsible; they must understand that we are living in a world marked by uncertainty, volatility and deep transformational changes. Many people are living in precarious situations and searching for identity and meaning in a fast-changing world. They want to regain their sense of purpose. More than ever, leadership means taking responsibility. It requires courage and commitment to listen and honestly explain the breadth and complexity of issues, to proactively generate solutions and to take action based on core values.

It is the daunting task of today's leaders to take the right decisions in a complex world that suffers from many legacy issues and emotional turmoil. There cannot just be a return to basics! There has to be a recognition that we are in unmapped territory, which places the status quo, and by extension leaders themselves, into question. To fulfil this task, leaders need sensitivity and empathy to serve as their radar system, and values and vision as their compass. Without a radar system, leaders cannot be responsive; and without a compass, they cannot exercise leadership responsibly. Ultimately, we are measured on the basis of our values, vision and actions. Leadership today cannot be built on privilege, but only on sustained and sincere efforts to earn trust, and trust can only be earned by serving society in a manner that transcends personal interests and produces tangible results on the public's core concerns.

In 2017, I see four primary objectives to respond to major societal concerns: first, to strengthen economic growth; second, to make market-based systems more inclusive; third, to master the Fourth Industrial Revolution; and finally, to reimagine international cooperation.

1. Leaders must urgently reinvigorate global economic growth, achieving higher and more sustainable growth rates. Stronger economic development, accompanied by improved income and wealth distribution, is absolutely necessary to reduce today's unacceptable levels of social exclusion and unemployment, particularly among youth. With the global population growing substantially and production becoming more automated, stronger and more broadly based economic development is key to avoiding a social breakdown with all its dire consequences – such as involuntary migration. Carefully calibrated monetary, fiscal and social security policies that integrate intergenerational responsibility should provide the framework for growth. Nevertheless, the real drivers for development are entrepreneurship, innovation and connectivity – all of which need to be cultivated. In addition, we must invest substantially more into our physical, digital and social infrastructure, enabling current and future generations to have a purposeful life. Achieving the Sustainable Development Goals is therefore essential.
2. Leaders must be determined to ensure greater inclusiveness in the functioning of markets. Markets will always create winners and losers, but no society can survive without a social contract based on solidarity between winners and losers. Leaders have to fix the present social contract. Moreover, they must also design the contracts necessary for the post-industrial age, with its new features of circular and shared economies. Leaders must be responsive to popular demands for equity and security, and simultaneously responsible by liberating all individual and collective forces to generate prosperity and material, as well as non-material, welfare. Eliminating corruption and ensuring high standards of corporate governance and best practices for corporate social responsibility and corporate global citizenship must be key elements of these social contracts.
3. Leaders must be much better prepared for the rapid and disruptive changes of the Fourth Industrial Revolution, including those affecting labour markets. They have to proactively create the frameworks necessary to ensure the optimal use of the tremendous technological opportunities, while also addressing the potentially negative consequences and popular concerns. Humankind must come to grips with ethical issues of a completely new and little understood nature – just think of the advent of artificial intelligence, genetic design or data ownership and protection. The fast and far-reaching replacement of low- and mid-level tasks by machine intelligence will require new levels of understanding and concepts for the future of labour and taxation. Above all, we need an educational revolution to prepare for the skills needed tomorrow. And the time has come to rethink the economic and social norms by which we measure societal progress.
4. We must never forget that we live in an interdependent world. The scale and scope of our challenges require the commitment and comprehensive cooperation of all stakeholders of global society. Not only do we have to manage globalization to ensure that it is open and fair, but we must also join forces to combat the global risks – such as nuclear proliferation, terrorism and the depletion of natural resources – that could end modern civilization. If we recognize that we are all part of a global community, then we have to overcome our prejudices and work together in a practical fashion while genuinely respecting each other's identity and dignity. For this reason, leaders have to create and engage in agile and informal cooperation platforms required for the political, economic, social and technological context of the 21st century. Leadership always comprises stewardship for the world as a whole – holistically taking care of humankind and nature.

We are living in a world no longer driven by linear change, but rather exponential change occurring simultaneously in all fields. This is creating extreme volatility, uncertainty and, as a consequence, an understandable nostalgia to “turn back the clock”.

The traditionally slow and reactive response mechanisms and structures for dealing with problems have contributed to the present situation. Our energies are primarily absorbed by crisis management. Historians will look back at this time as the tipping point in choosing the positive path for building a better future. For this to happen, we must overcome the present mood of divisiveness and negativism.

The world is fundamentally transforming technologically, economically, socially and politically. The ongoing transformation needs to be shaped by appropriate policies and institutions. There are no simple, ready-made solutions. What we urgently need are pragmatic and future-oriented actions, even in the form of small steps, to provide positive narratives.

At the upcoming Annual Meeting in Davos, the World Economic Forum will present numerous new initiatives, all developed through public-private cooperation, to address the challenges listed above. These initiatives particularly relate to the need for innovative concepts to foster greater social inclusion. The uniqueness of the Forum's collaborative multistakeholder efforts consists in integrating multiple initiatives into a systems-level approach - always with the mission to improve the state of the world.

The reality is that the future offers humankind many opportunities for healthier, greener, more fulfilled and peaceful lives. It is incumbent on all of us – working together – to improve the state of the world. By exercising responsive and responsible leadership, we can make this possibility our reality.

Professor Klaus Schwab
Founder and Executive Chairman
World Economic Forum

**This call for responsive and responsible leadership is shaped by the stakeholder theory that I introduced 47 years ago and which remains the conceptual base of the World Economic Forum, today the International Organization for Public-Private Cooperation. The urgency of this call is inspired by the Global Risks Report 2017 (wef.ch/risks2017) published on 11 January 2017 and by my book, The Fourth Industrial Revolution (wef.ch/4IRrandomhouse), published this week by Penguin Random House US and UK.*