



How should leaders
navigate **uncertainty?**

hemsley
fraser

How should leaders navigate uncertainty?

In an increasingly uncertain world, we need to embrace uncertainty, rather than shy away. But how?

The smartest leaders learn to tolerate the uncertainty, provide a healthy blend of stability and agility for their teams, and adopt productive strategies to move forward. In other words, they embrace rather than resist.

1. **Unpacking uncertainty** – shifting landscape and types of uncertainty
2. **Human impact** – physiology, mental health, emotions, thinking
3. **Organizational impact** – key challenges and opportunities
4. **Embracing uncertainty** – proven strategies for leaders and their teams
5. **Getting started** – practical tips
6. **Resources** – links and references

This insight paper summarizes the very latest research into the nature of uncertainty, its impact on us as humans and organizations, and introduces a brand-new evidence-based framework for leaders to use.



The shifting landscape of uncertainty

Rapid digital transformation, the geopolitical landscape, economic uncertainty, climate change, and societal shifts are combining to destabilize every aspect of our lives and not least, our work.

“Something massive and potentially overwhelming is happening. All of our systems, from global webs of trade and information to the personal connections we have with our friends, families, and colleagues, all of these systems are changing, will have to change” (Cascio, 2020)

You may have heard the term ‘**VUCA**’ (volatile, uncertain, complex, ambiguous) to describe the uncertain world we live in, but some suggest it is no longer sufficient. Futurist Jamais Cascio developed the BANI model to better describe the nuanced complexities of modern world, especially in the wake of the COVID-19 pandemic.

With this new/shifting reality, our old ways of coping are likely to be insufficient. By better understanding the nature and impact of uncertainty we lay the foundations for being able to navigate through it and move forward.



Brittle: Systems can give the illusion of being strong but are prone to sudden, catastrophic failure due to their lack of resilience and dependence on single points of failure, which can lead to widespread collapse of interconnected systems.



Anxious: A constant state of unease or stress due to overwhelming information, rapid changes, or unpredictable threats. This anxiety affects decision-making and organizational morale.



Non-linear: In a non-linear world, small actions can lead to massive disproportionate consequences due to hidden delays and complex interactions, as seen in crises like COVID-19 and climate change. It makes planning and prediction challenging.



Incomprehensible: Scenarios that defy understanding due to their complexity, illogical or senseless nature, or a sheer volume of data can lead to paralysis or flawed decisions.

Types of uncertainty

Uncertainty is in essence a state of not knowing – whether it is economic, strategic, accounting, market, personal, social, or environmental. Whatever the context, feeling uncertain is an uncomfortable experience for all humans and organizations, especially leaders.

“Uncertainty is the state of being unsure or lacking complete knowledge about an outcome or circumstance.”

But not all uncertain situations are the same.

The latest research shows uncertainty can be several types / have different features. Considering the five dimensions here can help characterize the type of the uncertainty you are experiencing.

What is the nature/type of the uncertainty you are experiencing?

Internal or external	<ul style="list-style-type: none"> Where is the uncertainty coming from – the leader or the context? “I am uncertain” versus “It is uncertain”
Objective or subjective	<ul style="list-style-type: none"> Is the uncertainty about measurable factors or perspective/beliefs? “The data is unclear” versus “I’m unsure of the right thing to do”
Risk or ambiguity	<ul style="list-style-type: none"> Are we dealing in known or unknown probabilities? “The probability of a particular outcome is uncertain” or “the nature of this situation as a whole is uncertain”
Resolvable or radical	<ul style="list-style-type: none"> Is the lack of knowledge resolvable or not? “The unknowns will eventually be clarified” or “the unknowns will remain unresolved and unpredictable”
Short term or prolonged	<ul style="list-style-type: none"> What is the duration and how clear is any end point? E.g. waiting for a job interview outcome as opposed to living with chronic illness or ongoing political unrest.

Understanding the **characteristics** of uncertainty you are experiencing can help you choose a suitable strategy to move forward.

For example, if your situation involves **short term uncertainty** you could just choose to wait and distract yourself. An approach that probably won't work well for prolonged uncertainty!

Some organizations also use similar dimensions to categorize risks. Are there others you could add from your business?

Long-term effects of climate change (External, objective, resolvable, prolonged)

While the general trend of global warming is well-documented, the specific impacts on different regions, ecosystems, and economies are still being understood. This uncertainty can be resolved over time through continued research, data collection, and advancements in science. Knowing this encourages leaders to invest in increasing our knowledge to move forward in the right way.

The human impact of uncertainty

“Uncertainty strips away familiar elements in life and business and can leave us floundering, overloaded, stressed, reacting prematurely/prevaricating” (Forbes, 2020).

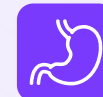
Our brain and bodies are programmed to seek predictability, control, and balance.

When confronted with uncertainty, they can go into overdrive – effecting our emotions, physiology, mental health, and ability to think. Sufficient certainty and/or agency is a fundamental human need. Without it, our potential for health, wellbeing, and fulfilment is diminished.

Burnout and chronic job insecurity are stronger predictors of poor health than smoking or high blood pressure according to recent research!

The potential human impact of uncertainty is significant and can impact leaders themselves as well as their teams.

Physiology



Physical manifestations including:

- **Muscle tension** since the body remains in a state of alertness. E.g. headaches, neck and back pain, and overall discomfort.
- **Digestive issues** such as stomach aches, nausea, or changes in appetite. The stomach, known as the ‘second brain’, is extremely sensitive to stress and anxiety.
- **Sleep disruptions** due to the constant worry and overthinking. This can exacerbate feelings of fatigue, irritability, and difficulty concentrating.

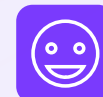
Mental health



Prolonged stress can cause:

- **Burnout** – a state of emotional, bodily, and mental exhaustion.
- **Anxiety disorders** (trigger or intensify) – resulting in chronic anxiety, panic attacks, and other symptoms.
- **Depression** – persistent uncertainty of the future can drain motivation, leading to feelings of pessimism and powerlessness.
- **Mood problems** can develop, with people suffering mood swings, irritation, or unease.

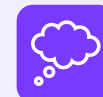
Emotions



Uncertainty affects our emotions significantly:

- It **increases the intensity of negative emotional states** such as fear/anxiety as well as sadness/upset, anger/frustration, and confusion.
- It also **reduces the intensity of positive emotions** such as surprise/interest and excitement/enthusiasm.

Thinking



Our brains struggle to make sense:

- **Analyzing** – the prefrontal cortex attempts to make sense of the situation. Without necessary information, we can over-think or catastrophize.
- **Pattern and predictions** – faced with ambiguity, our cognitive gears grind overtime.

Focusing on burnout

The term ‘burnout’ is being used more in conversation, but what is it and what is it not?

Burnout is a state of chronic mental, physical, and emotional exhaustion resulting from prolonged and excessive stress. It’s more than just a rough week or temporary fatigue, it’s a deep and persistent sense of depletion impacting every aspect of your well-being.

Burnout doesn’t happen overnight, but its effects can be far-reaching. Understanding the signs and causes is the first step toward prevention and recovery. By the time we hit “burnout”, our inner spark is extinguished. What’s left is a sense of emptiness, constant fatigue, and an inability to handle life’s demands.

Burnout is characterized by three core components: exhaustion, cynicism, and reduced effectiveness. There are typically emotional, behavioral, and physical warning signs.

If you’ve already reached burnout, it won’t simply fade away on its own. Recovering from burnout is a journey, not a quick fix. By recognizing the signs, prioritising self-care, forming supportive connections, and making meaningful changes to your work life, you’re taking the first steps toward regaining your energy, focus, and sense of balance.



Recognize the signs



Form supportive connections



Prioritize self-care



Make meaningful changes to work life

“Leaders can implement monthly pulse surveys to gauge stress and workload levels. They could also schedule short, regular 1:1s where employees can safely express concerns. Research suggests that open communication and supportive leadership styles can mitigate the negative impacts of uncertainty-induced stress”

(Edmondson, 199; Cooper & Quick, 2027).

Organizational impact – key challenges and opportunities

Uncertainty affects organizations too. Economic and market instability can make risk-taking and strategic decision-making even more challenging. Many instinctively ‘hunker down’ while others make the most of disruptions and manage to grow.

“For long-term decision-making, deep uncertainties are in most cases a given”
(Marchau et al., 2019)

“Companies demonstrating speed and stability have a 70 percent chance of being ranked in the top quartile for organizational health”

(McKinsey, 2015)

How leaders and organizations respond to economic and market instability is critical.

In his new book, ‘Strategic decision-making under uncertainty’, Richard Arend suggests:

- **Elevated levels of uncertainty can lead to market volatility** - influencing market behavior, investment decisions, and consumer confidence.
- **Making choices without knowing all the potential outcomes**, can lead to risk-averse behavior, prevarication or short termism.
- Faced with disruptions / downturns, many cut costs and maintain profitability. Others use uncertainty and **to identify new opportunities and disrupt the current market.**
- When **uncertainty is generated or responded to with intent**, it can be used as a basis for entrepreneurship, innovation, and scientific discovery.
- Given uncertainty can eliminate an incumbent’s advantages, it is also a **source of entry for new ventures and innovation.**

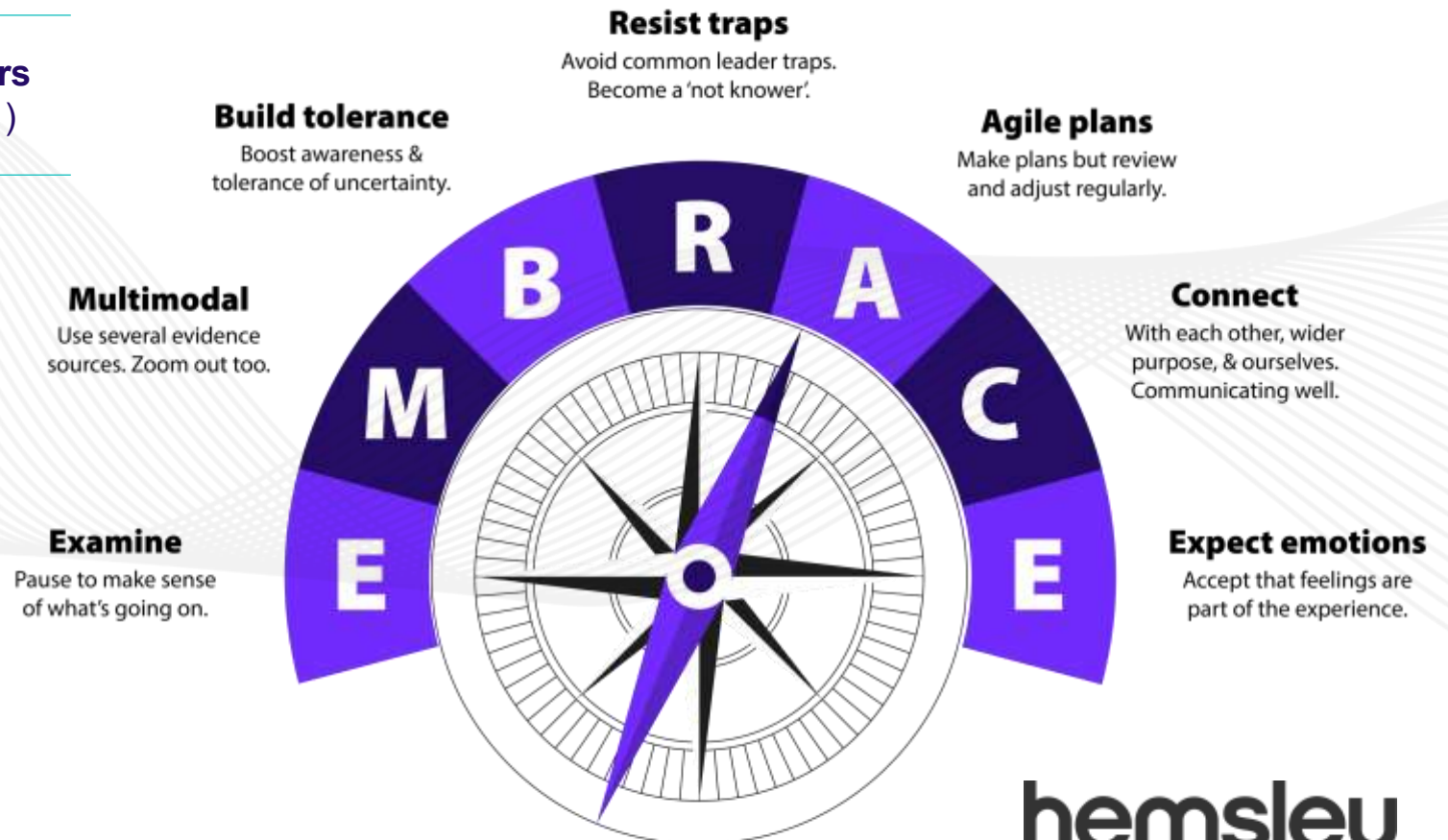
Embracing uncertainty – proven strategies for leaders and their teams

“To lead others in increasing complexity, leaders must first learn to lead themselves” (HBR, 2021)

Whilst human and organizations naturally struggle with uncertainty, **leaders who can tolerate and navigate it well – embracing the challenges and opportunities – are critical to teams succeeding, innovating, and thriving.**

Our ‘**EMBRACE**’ model succinctly captures seven proven strategies for leaders to employ to better tolerate, navigate and embrace uncertainty.

Let’s briefly unpack each strategy in turn.



E – Examine

As described in section 1, there are different types of uncertainty and your strategy for navigating through it will need to reflect this.

Examine the situation using these or similar dimensions – is the nature of this uncertainty...

Internal or external	Objective or subjective	Risk or ambiguity	Resolvable or radical	Short term or prolonged
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Additionally, it is vital to distinguish between **complex & complicated**. We often use the terms interchangeably, but “they represent critically different circumstances” (HBR, 2021).

Complicated processes can often be broken into discreet manageable parts. Complex problems however, can have many interdependent elements, some of which are unknown and can also change over time. As such, solutions tend to emerge through experimentation. By pausing to make sense of what’s really going on, you are better equipped to choose the best approach to moving forward.

M – Multimodal

As situations are more uncertain and problems are increasingly complex, multifaceted, or novel, using multimodal evidence is even more necessary. By leveraging a blend of evidence, you have a potentially better basis for any decisions.

Avoid relying on a single potentially inadequate, biased, or outdated mode or method.

‘Evidence’ can be information, data, or testimony; both quantitative and qualitative; a snapshot or a trend over time; from external or internal sources; provided by systems, experienced professionals, relevant stakeholders. An absence of any data can also be evidence! Additionally, leaders benefit from multi-modal perspectives on a situation or challenge.

‘Zooming out’ or ‘moving from the dance floor to the balcony’ can provide a broader perspective/ systemic view, interdependencies, larger patterns, or unforeseen obstacles – building your ability to see the bigger picture

(The Practice of Adaptive Leadership).

Many high achievers have a bias for action, but there’s no point running fast if it’s in the wrong direction. It’s vital to understand the true nature of the problem, situation and their own biases.

B – Build (uncertainty) tolerance

It is not natural for humans to feel comfortable with uncertainty. As the human mind attempts to keep us safe, it equates uncertainty with potential loss – loss of life, safety, security, pride, or connection. Some people are naturally more tolerant than others, but it is also something we can all develop.

Uncertainty tolerance (UT) is a well-established trait reflecting an individual's ability to endure and function effectively in situations where outcomes are unknown or unpredictable.

There are short assessments available online like the abbreviated Intolerance of Uncertainty Scale. Although there is no formal scoring system, seeing how you respond to questions about uncertainty will give you a sense of your natural tendency. Developing this trait is particularly important for leaders and decision-making (HBR, 2021).



**Lower negative emotions
and higher life satisfaction**
(Garrison et al., 2017)



**Higher self-esteem
and creativity**
(Pavlova, 2018)



Greater risk-taking
(Kornilova et al., 2018)



**Adaptability and
adaptive readiness**
(Shamionov, 2017)



**Coping constructively
with chance events**
(Kim et al., 2016)



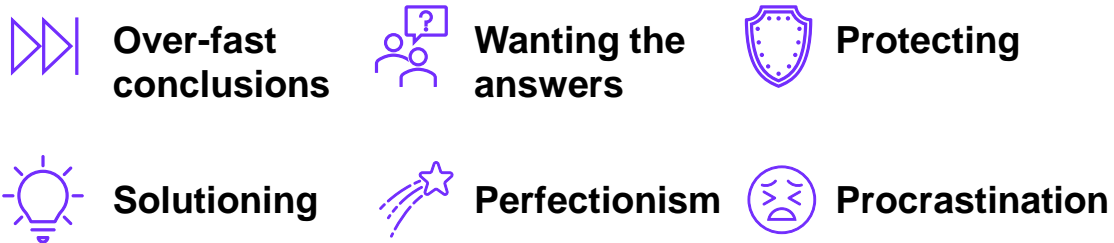
**Pro-social risk-taking
behaviors**
(Vives & Hall, 2018)

Case study

A technology start-up regularly begins team meetings with a brief 'uncertainty check'. Team members share concerns about evolving client demands. The leader listens attentively, thanks individuals for raising issues, and jointly develops a short-term action plan. Over time, employees feel more secure and confident despite market volatility.

R – Resist (leadership) traps

During time of uncertainty, there are many traps that leaders can easily fall into – here are a few:



‘Not knowing’ can be especially tough for leaders who want to be able to answer questions from their teams. But remember, being a ‘not knower’ can be liberating too. As described by Satya Nadella, CEO of Microsoft, shifting from a ‘know it all’ to ‘learn it all mindset’ can ease the discomfort and take pressure off you to have all the answers.

“Leaders as learners, not knowers. Leaders with a learner or growth mindset model and help their organization avoid perfectionism and foster healthy striving.”

(Brené Brown, 2018)

A – Agile plans

Standing still is not an option – the world is moving whether we like it or not. Dynamic thinking is fundamental to addressing complex problems – making sense of new situations; navigating multiple interwoven factors; developing and re-shaping plans regularly. In a shifting and uncertain environment, leaders need to aim for progress, expect mistakes and course correct along the way.

“It’s about having the mental elasticity to solve problems we’ve never seen before, and being able to solve them in a landscape that’s changing at breakneck speed and getting more complex by the minute!”

(World Economic Forum, 2020)

In uncertain environments, we don’t have clear-cut answers. Leaders need to foster a culture that encourages experimentation and finding novel responses to new issues. By testing different approaches on a smaller scale, leaders can identify what works (and what doesn’t), learn from the experience and scale up successful strategies as useful. When agile plans and results from experimentation are shared and socialized, they help provide a level of stability within the uncertainty, demonstrating how the complex problem or new situation is being addressed and explored.

C – Connect

In the post-pandemic and hybrid-working world, human connectedness emerged as a critical factor in employee engagement, well-being, collaboration, innovation, resilience, agility and organizational success. **When we feel connected to each other, a wider purpose, and ourselves, we are boosted** and better able to navigate the inherently uncertain world we occupy.

Connected leaders trust others and are trusted by them. They collaborate in multiple directions – including down, up, with peers, and with communities.

As the lines between work and personal life continue to blur, especially in remote and hybrid work environments, maintaining strong connections with colleagues helps create a sense of belonging, purpose, and support – in work and beyond.

Effective communication is even more important. Through regular communication of plans, and constructive 1:1 conversations, leaders can build confidence and trust amongst the team members.



Neurobiologically, we are wired for connectedness



Emotionally, we are rewarded for connecting



Psychologically, boosts wellbeing & performance

“When I am trying to make sense of a complex issue, the first thing I do is reach-out to people whose opinion I value and whose experience is in some way different to mine”

(Unnamed CEO, HBR, 2021)

E – Expect emotions

“Uncertainty rarely travels alone. It often brings along a motley crew of emotional companions, each adding its own flavour to the experience” (David, 2016)

We know that uncertainty affects how we experience our emotions:

- **Increasing the intensity of negative emotional states** such as fear/anxiety as well as sadness/upset, anger/frustration, and confusion.
- **Reducing the intensity of positive emotions** such as surprise/interest and excitement/enthusiasm.

Leaders have a major influence on the emotional climate of a workplace. **Emotionally intelligent (EI) and emotionally agile leaders** help create stability and confidence during uncertain times by understanding what is going on and responding wisely.

EI provides the foundation for understanding and managing emotions, while emotional agility offers the tools to navigate those emotions in a way that promotes resilience and adaptability.

What is the nature/type of the uncertainty you are experiencing?



- **Compassion:** Being kind to yourself and others, especially during challenging times.



- **Curiosity:** Approaching your emotions and experiences with an open and inquisitive mindset.



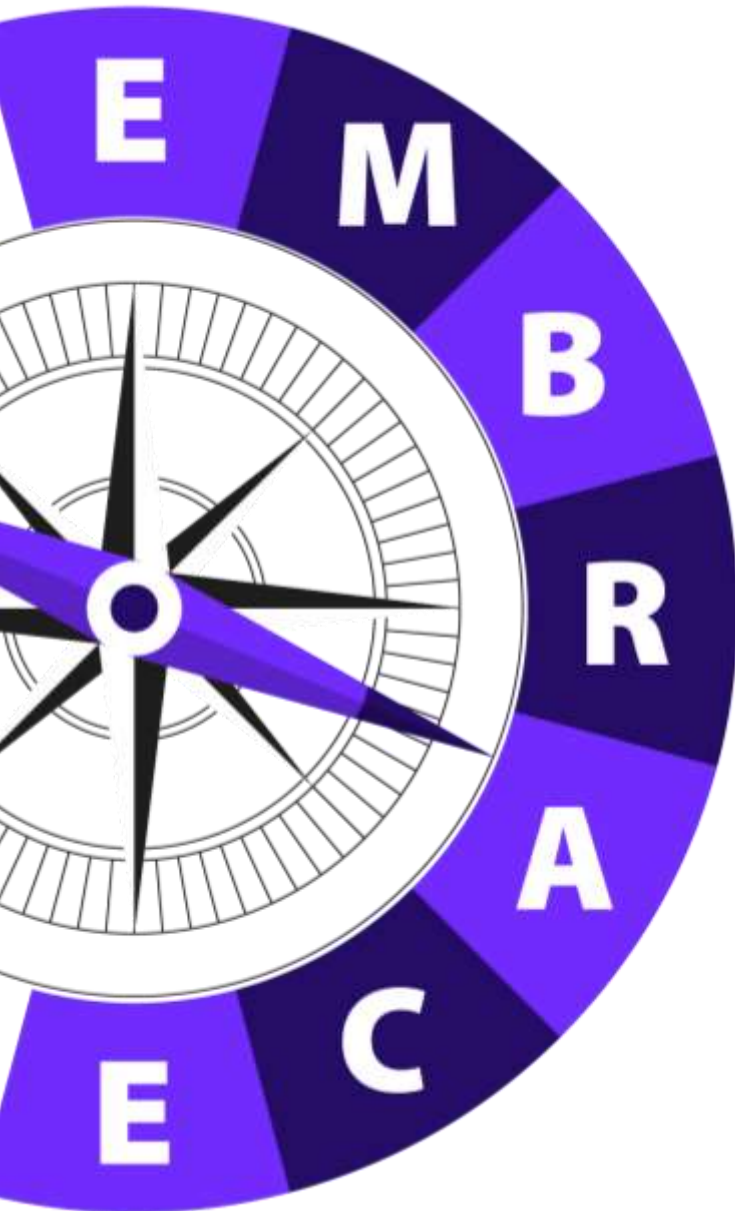
- **Courage:** Facing your emotions and taking action despite fear or discomfort.



- **Commitment:** Staying true to your values and goals, even when faced with difficulties.

When we show up fully, with awareness and acceptance, even the worst demons usually back down” (David, 2016)

Getting started – practical tips



Examine	<ul style="list-style-type: none"> • Introduce the five types of uncertainty to your team and use them to prompt a conversation about a situation you are experiencing. • Practice distinguishing complex problems from complicated ones.
Multimodal	<ul style="list-style-type: none"> • When scoping a new project, pause and identify a variety of different sources of evidence. • Try ‘moving from the dance floor to the balcony’ for a tricky issue.
Build tolerance	<ul style="list-style-type: none"> • Take a short online assessment to understand your natural tendency. • Try using an ‘uncertainty check’ in a team meeting.
Resist traps	<ul style="list-style-type: none"> • Consider which of the ‘traps’ are familiar to you as a leader. • Identify someone you know who is a role model ‘not-knowing’ leader.
Agile plans	<ul style="list-style-type: none"> • Learn more about dynamic decision making. • Identify two new experiments you can encourage in your team.
Connect	<ul style="list-style-type: none"> • Deliberately boost your network with people of different perspectives and lived experiences. • Build new habits for team members to connect communicate well – about the work and with each other.
Expect emotions	<ul style="list-style-type: none"> • Practice being more specific when identifying your own emotions – go beyond ‘frustrated’ to physiology, thoughts, feelings, etc. • Create space between the emotion and your response.

Conclusion

In an increasingly uncertain world, leaders need to **EMBRACE** the uncertainty, rather than shy away from it. In particular, we need to:

- ✓ **Practice** identifying the type of uncertainty we are experiencing – so we can choose the most appropriate course of action.
- ✓ **Appreciate** the significant impact it has on us as humans – our emotions, physiology, thinking – so we can build greater tolerance and resilience to ensure we can perform effectively and reduce burnout.
- ✓ **Be alive to the challenges** it throws up for organizational performance and growth – so we can unsure both speed *and* stability, risk mitigation *and* innovation.
- ✓ Use proven strategies to respond and move forward, proactively communicating and reviewing plans

By embracing the uncertainty, we can ride the wave instead of being flattened by it!



Resources

Key links and references

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<https://neurolaunch.Com/is-uncertainty-an-emotion/>

The physical and mental impacts of uncertainty (and how to cope)

6 strategies for leading through uncertainty (HBR, 2021)

Investing in growth through uncertainty (HBR, 2023)

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Emotional agility: giving you the power to choose

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