



Leadership in a Digitally Transforming Social World Based on Fromm's Humanistic Approach

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Abstract: In the social sciences, there are different points of views on how social change has an impact on good leadership in contemporary societies. As a contribution to this debate, this article builds on basic ideas of the humanistic approach of Erich Fromm and highlights the associated possibilities for an adequate understanding of contemporary leadership demands. Key narratives and open questions related to challenges for

leadership in contemporary societies facing digital transformation are evaluated from a Frommian perspective.

Keywords: Erich Fromm, leadership, digital transformation, digital leadership, humanistic psychology, productive orientation, ambivalence, social change.

1. Introduction

How changes in societies are named and summarized is always part of a narrative that highlights certain developments more strongly than others. Change narratives tell a story of a society by connecting the contemporary state of affairs with iconic moments of the past and an outlook into the future. This cannot be seen apart from different political point of views as a frame for those narratives.

Discussions of social change in contemporary societies have to acknowledge technological progress and its consequences for human relations. Though different interpretations are possible, it is a broadly accepted assumption that the digital transformation of our social world is challenging established forms of human interaction, not only between two interacting individuals, but also related to groups, organizations and institutions.



With an ever-growing presence of digitalization in various domains of society, there is a rise in new forms of communication, the amount of available information as well as the possibilities of data-transfer and -exchange. This does not only increase the importance of measurements in different areas of social life (King et al. 2018), but is also setting the ground for new normative expectations of how individuals, groups and organizations have to behave.

The digital transformation of the social world is one of the most discussed issues within businesses (e.g. Sacolick 2017; Rogers 2016). Again, processes of change in this context are framed in different ways, highlighting different perspectives. Some predominantly focus on the new possibilities that arise from real-time communication beyond borders and new logistical possibilities. Others focus on shifts and disruptive consequences for certain business areas, such as the transportation sector that is challenged by new possibilities of automatized driving. And some voices highlight threats to society, e.g. by pointing out the danger that many jobs might become redundant, leading to higher unemployment rates or a loss of national control related to the power of large multi-national companies, mostly US based.

Irrespective of the view on the link between digital transformation and social change, there is wide agreement on the necessity of a leadership response to these changes and society's need to adapt to related new requirements.

So far, Erich Fromm's humanistic approach has not explicitly been linked to the debate on leadership in a digitally transforming world¹. His approach might seem to be outdated at first sight: Considering that the digital transformation occurs in the 21st century, more than 40 years following Fromm's death in 1980, how can he be linked to it?

I will argue in my essay that Fromm's theoretical considerations are indeed very current and might be even more valuable for debates on the changing relation between man and technology today than they were at their time of publication. Today, they can be related to a development that had in fact commenced during Fromm's lifetime, but has grown in visibility and presence since. I will also point out that the work of Fromm offers a great potential for the debate on contemporary leadership, as he reflects on the relation between technological progress and human needs and development potentialities.

As an example, I will repeatedly refer to the book *The Revolution of Hope: Toward a Humanized Technology* that was published by Fromm in 1968. It includes insights that are fully relevant for the current situation and worth considering in finding answers to contemporary questions.

1 There are only very few recent exceptions, like the work of Leisinger (2017) and Funk (2015).



In a long-sighted manner, Fromm discusses the threats to a society that is no longer directed by men, but by computers. These reservations are of particular importance in a society faced with the rising possibilities of artificial intelligence:

»A specter is stalking in our midst whom only a few see with clarity. It is not the old ghost of communism or fascism. It is a new specter: a completely mechanized society, devoted to maximal material output and consumption, directed by computers; and in this social process, man himself is being transformed into a part of the total machine, well fed and entertained, yet passive, unalive, and with little feeling.«
(Fromm 1968a, p. 13.)

Already in 1968, Fromm pointed to the danger of humanity losing control over its own system of interactions, being more and more dependent on algorithms, as we are faced with today:

»Perhaps its most ominous aspect at present is that we seem to lose control over our own system. We execute the decisions which our computer calculations make for us. We as human beings have no aims except producing and consuming more and more.« (Fromm 1968a, pp. 13 f.)

It would be a mistake to assume that Fromm aimed at spreading feelings of hopelessness and desperation. His aim was indeed to facilitate a fruitful discussion on the possibilities of a suitable relation between humans and computers. Fromm promotes the idea of »humanistic planning« that does not demonize technological progress, but instead creates possibilities to make use of new technological possibilities for humane ways of being productive:

»Computers should become a functional part in a life-oriented social system and not a cancer which begins to play havoc and eventually kills the system. Machines or computers must become means for ends which are determined by man's reason and will. The values which determine the selection of facts and which influence the programing of the computer must be gained on the basis of the knowledge of human nature, its various possible manifestations, its optimal forms of development, and the real needs conducive to this development. That is to say, man, not technique, must become the ultimate source of values; optimal human development and not maximal production the criterion for all planning.« (Fromm 1968a, p. 103.)



This article is meant to be a first attempt to linking the discourse on leadership in a digitally transforming world with Erich Fromm's work. Therefore, in the next chapter I will first focus on challenges for leadership in contemporary societies facing digital transformation, as pointed out by business leaders. Key narratives and open questions will be summarized and in a next step evaluated from a Frommian perspective, arguing why the work of Fromm should be understood and used as an important contribution to discussions of good leadership in contemporary societies.

2. Reflecting on narratives of leadership in a digitally transforming social world

There is a broad consensus that social changes linked to new digital contexts challenge leadership. As one of many examples, this can be illustrated by a quote from Daniel Newman, the CEO of BroadSuite Media Group:

»Businesses are changing right before our eyes as the digital transformation takes place around the world. And yet many dinosaur leaders, as I like to call them, are still in these businesses risking extinction if they can't adapt to this ever-changing environment. It's true that leaders must be willing to accept change in order to remain competitive. However, I believe it goes even further than that. Change-agile leaders must be forward-thinkers who believe that the future is important above all else. They must be able to change quickly and fluctuate as the business world changes—sometimes on the daily.« (Newman 2018)

The quote illustrates a typical tension in the discourse on changing leadership demands: on the one hand, there is the fascination with new possibilities, the drive to make things better, to be more agile and to have the opportunity to think outside the box without being limited and oppressed by traditional forces. On the other hand, there is environmental pressure forcing the necessity to change as an external demand rather than an idea or a need that might grow from the inside. Within this narrative, digital transformation is linked to an increasing competitiveness threatening leaders and companies, highlighting the risk of wrong decisions.

Related to this area of tension, it can be observed that discussions on leadership come with a high degree of uncertainty with regard to the right answer to ongoing changes. Moreover, the discussions are characterized by a high intensity, as the question of an adapted leadership is seen as a crucial one within companies.



This is expressed in the augmented importance of strategic consultancy provided by external partners (Handelsblatt 2017) and by the way meetings and conferences are framed. As an example, I will reflect on the announcement and marketing of a conference that took place parallel to the Erich Fromm Conference in 2018: the Digital Leadership Summit #3 that was organized in Cologne on June 21st, 2018.

»In no phase of history has there been such a surge in innovation as in our time. As a result of the new technical possibilities, the world is growing together into a networked global system of great heterogeneity. Opportunities and risks are closely related. Dealing with the new in society has become a major challenge. At this high pace of innovation, citizens are looking for opportunities to understand the new and to recognize social and technical processes in context.«²

To underline the importance, the current situation of change is described as being historically unique in relation to its speed and acceleration of innovation. In addition, it is framed not as a question that can be solved on a national level but has to be seen as a global phenomenon. Furthermore, while new technological possibilities are regarded to be the driver of change, leadership is nevertheless fundamentally linked to the need of dealing with uncertainty and the human need for understanding and sense making.

Still, when reflecting on the demands arising from the digitalization of industries, establishing new metric systems and optimizing IT systems is top-of-mind for business leaders. Developing tailor-made data mining systems that help to proactively understand clients' demands and offer related services is seen as a key requirement. Likewise, assessment of the internal performance of staff members is seen as an important task within business units.

But beyond these technological aspects, the awareness that change has a larger impact is broadly shared within business leaders. In Germany, this is underlined by recent surveys. In a survey that was conducted by researchers from the TU Munich in cooperation with the *HypoVereinsbank* it was stated that awareness of the need for cultural change within the own organization is usually present, whereas a consistent strategy for its implementation often seems to be lacking (HypoVereinsbank 2018).³ In a representative survey conducted

2 www.digital-leadership-summit.de/programm—Original quotation in German, translation by the author of this article.

3 Within two weeks, leaders of companies in different sectors and of different size participated in an online survey, consisting of two waves (n=428 in the first wave, n= 246 in the second wave).



by *Growth of Knowledge* (GfK) in cooperation with *etventure* only 38 percent of the managers see their employees as sufficiently qualified for the changes brought about by digitization (*etventure* 2018)⁴.

Though leaders are aware of the need to re-think the way that people work together within their organizations, many of them nevertheless agree that the predominant focus so far has been on automatization and IT based efficiency, rather than on human relations:

»However, very few organizations are able to meet this requirement of holistic further development. The vast majority of digitization initiatives are aimed at process automation and efficiency optimization; too few these processes themselves are shifted into the focus of questions.«⁵

Invited speakers at the 3rd Digital Leadership Summit have been asked to respond shortly to two questions before the conference:

- »1. For me, digital leadership means...
2. In your opinion, what are the most important trends and challenges in the field of Digital Leadership & People Management in 2018?«

Their answers have been published on the conference website (www.digital-leadership-summit.de)⁶. In the following an excerpt of the quotes will be presented as an illustration for the way how change is related both to technical developments and human relations. (*see opposite page*)

If we consider these quotations as an example for the discourse on leadership demands facing digital transformation, again we observe that the question of how men and machines are integrated within companies is the key question.

Again we find that »digital leadership« is linked to IT expertise and the need to create new tools that enable for example »leading on distance« and making use of »people analytics.« It's seen as a crucial role for leaders to integrate arti-

4 It's a representative survey including respondents from »around 2,000« major German companies with a minimum annual turnover of 250 million euros. Respondents have been decision-makers who are involved in the topic of digitization in their respective companies. The survey took place in the first two months of 2018.

5 www.digital-leadership-summit.de/programm/—Original quotation in German, translation by the author of this article.

6 www.digital-leadership-summit.de/—Original quotations are in German. Translation of excerpts by the author of this article.



Excerpt of the quotes of »Digital Leadership«		
	For me, digital leadership means...	In your opinion, what are the most important trends and challenges in the field of Digital Leadership & People Management in 2018?
Andera Gadeib, Serial Entrepreneur & CEO, Dialego AG	»...to implement the digital future with courage, vision and willingness to create.«	»Important trends are Artificial Intelligence, big data and digital assistants like Alexa: How can the diverse data sources be used for positive effects in your own business? The biggest challenge is people's fear that things will move very fast, that individuals will not come along, or that they may see their own workplace at risk. Fear paralyzes and needs to be proactively addressed. ›It's ok to be scared, we just should not be cowardly.«
Dr. Carsten Linz, Global Head, SAP Center for Digital Leadership	»Digital leadership is an integral part of a New Leadership—the leadership of the future is more entrepreneurial, digital and transformative.«	»As business leaders, it is our duty to avoid a digital divide in society. Politicians can not do it alone. It needs both, the head and the heart. [...] In spite of all technology, the focus is on people in the digital transformation, because everyone in the company has to go on a journey.«
Dr. Reza Moussavian, SVP Digital & Innovation (HR), Deutsche Telekom	»...to lead adults who want to be treated like adults—with confidence and some cool tools.«	»1) Leading on distance: everyone talks about it, nobody understands it or is able to do it. 2) Agile Leadership: What is the role of a leader in the transition to an agile organization? What does the day-to-day management of an agile manager look like in an agile organization? 3) People Analytics: How can executives better lead people based on numbers, data and facts?«

cial intelligence, big data and digital assistants into their own business models. Leadership is associated with entrepreneurial skills, courage and vision.

But in all quotations, we find the understanding that good leadership goes beyond just efficient tools and a modern IT system. People and human relations have to be put in focus, as digital transformation has an impact on their feelings and their modes of interaction. Fears, a potential divide between different social groups, experiences of being excluded rather than participating in the change process are explicitly named as core issues related to »digital leadership.«

On the one hand there is the endeavor for highest efficiency, focusing on establishing technological solutions that enable the measurement, control and evaluation and to render human efforts, evaluations and decisions unnecessary as much as possible. On the other hand we can identify a rather psychological oriented narrative taking into consideration human fears, uncertainties



of upcoming decisions, changing power relations and the need for a feeling of belonging, social sense—making and identification with social groups and one's own productive activities.

This is not an isolated finding, but an observation that is typical for the contemporary perception of chances and challenges of digital transformation within businesses. Accenture, one of the leading global management consulting and professional services firms, summarizes it in the following sentence: »Digital transformers know that digital isn't just a tool for improving business efficiency but something more profound.« (Accenture 2018). Something »*more profound*« is hard to define as it is connected to the whole relation between leaders and workers, and more than this the meaning of paid work in societies and the way that productive orientations and activities are framed in our contemporary social world.

There is fear that new business models will lead to the extinction of successful companies in traditional industries. People feel threatened by the change as leaders, owners, workers and as citizens. People and their needs have to be shifted into the focus of attention. We need to understand the dynamics of emotions and rational aspirations. Fears cannot be simply discounted as »irrational,« but must be taken seriously, just as much as the need to create an atmosphere of trust. There is a perceived danger of an increasing social gap within societies, dividing between winners, full of options, and losers, excluded and without any functional integration. From this perspective, the digital transformation is seen as a threat of more social inequality and social injustice, not only within national societies, but also between different nations. On a political level, right-wing and so-called populist movements might be seen as a result of citizens looking for control and security. Organizations have to be attentive to developments in their surrounding social world (society), as a social divide would threaten their business possibilities in the long run.

Numerous sociological findings (e.g. Baumann 1991; Rosa 2012; Illouz 2012) show that contemporary societies are characterized by structural ambivalence as a result of social change. According to Rosa, the fundamental ambivalence consists in a freedom to an unknown extent on the one hand and an increasing exposure to social demands on the other. This is embedded in social acceleration processes that, according to Rosa, lead to temporal norms becoming more and more effective through the introduction of time limits, deadlines, schedules, and speed bonuses. As a result, more and more responsibility is being shifted to individuals, making it a central subjective task for them to lead and shape their lives in a way that keeps them a competitive market player. Although there are less binding regulations on what to do, what to believe, how to love or think, everyday practices in various areas of



life are therefore increasingly following a rhetoric of duty that diametrically opposes the idea of a self-determined lifestyle (Rosa 2012, pp. 296 ff.). This fundamental ambivalence is also of central importance to leadership because it has a decisive impact on both the experience of employees and the self-image of organizations.

Leadership has to take this ambivalent social situation, including related uncertainties and fears that exist on an individual and political level, into account. Within companies, it has to create and strengthen structures that lead to innovation and assure competitiveness, while promoting integration between diverse people and awareness of social responsibilities at the same time. This in turn means that leadership needs to be rooted in psychological knowledge and skillfulness to a great extent, including the capacity to identify contradicting demands and ambiguous contexts, accepting ambivalent circumstances and being able to deal with them (e.g. Kühn 2015).

It is exactly this demand on leaders for psychological knowledge, for understanding existential human needs and their relation to societies, for the necessity to deal with uncertainty, ambiguity and ambivalence that justifies the work of Erich Fromm being an essential reference for the discourse on leadership in a digitally transforming social world. This will be further outlined in the next section.

3. Linking Fromm to narratives on leadership in a digitally transforming social world

Although Fromm's oeuvres originated in the 20th century, they have by no means lost any of their significance for the understanding of the ongoing processes of social change.⁷

Ambiguity according to Fromm should not be understood as an exceptional situation but as the basis of human existence. Human action is not predetermined by instincts but depends on thinking and imagination. Man therefore transcends nature like no other being and is nevertheless subject to its laws. Accordingly, dealing with an ambivalent initial situation is something originally human.

»Man *qua* man has been thrown out of nature, yet is subject to it; he is a freak of nature, as it were. This objective, biological fact of man's

7 Accordingly, Hartmut Rosa argues in his theory on the resonance of social relations that the resonance-theoretical core of Critical Theory undoubtedly emerges best in Fromm's work (Rosa 2016, p. 565).



inherent dichotomy requires new solutions, that is to say, human development. Subjectively, the awareness of having been torn away from his natural basis and of being an isolated and unrelated fragment in a chaotic world, would lead to insanity (the insane person is one who has lost his place in a structured world, one which he shares with others and in which he can orient himself.) All the energies of man have the aim to transform the unbearable dichotomy into a bearable one, and to create ever new and, as far as possible, better solutions for this dichotomy.« (Fromm 1977g, p. 6.)

Fromm considers human knowledge to be always context-bound and historically conditioned, since it is based on previous experiences and is therefore always incomplete. Because the humanly possible is unknown, man is »indefinable and indescribable« (ibid., p. 10). He assumes that although human ambiguity can never be completely eliminated, society can become more human in the context of dialectical processes and »liberate itself from the influence of irrational and unnecessary social pathology« (ibid.). In this sense he considers the fate of modernity not sealed (Rosa 2016, p. 570), but as shapeable by humanistic planning.

His assumptions are based on a humanistic image of man that emphasizes his potential for growth and productivity and depicts man as a being that becomes active on his own initiative (*sua sponte*) and wants to shape reality with his own talents and skills (creativity). According to Fromm, human action does not follow the logic of a homo oeconomicus. Rather, man has to be seen as a social being. To be in relation with others is an existential necessity, because the individual human being needs others in order to survive. Being related to others provides creative spaces and the possibility to experience resonance in contact with others. According to Fromm, man »must be affectively related to others in order to overcome the anxiety produced by his total isolation« (Fromm 1977g, p. 6), at the same time he needs stimulation and is himself stimulating: »Human potentialities strive passionately to express themselves in those objects in the world to which they correspond and thus they unite and relate man with the world and free man from his isolation.« (Ibid.)

In the context of leadership therefore it should be aimed to establish an organizational culture that opens space for employees to express their human potential and reflect their own social relevance in the organization and society.

On the one hand Fromm recognizes alienating and isolating tendencies in capitalism. On the other hand he points out the need of human beings to be productive within groups and organizations. From a historical point of view, he framed the emergence of markets and organizations as a contribution to



positive freedom, to the development of an active, critical and responsible self (Fromm 1941a). Therefore, it is crucial to recognize the important role of organizations, including companies, in social transformation processes. This requires an increased discussion of how ethical and sustainability principles can be better integrated into the economic system itself, but also within organizations with leaders as change agents.

For that purpose, one should be aware that confidence in the ability of things made by man may have a negative psychological consequence, as Rainer Funk points out in his work (e.g. Funk 2011). People learn to rely on the adaption of technological possibilities instead of developing their own human abilities to think, to feel, to fantasize, to communicate. They might lose sensitivity for their own inner compass and are less and less active on their own initiative. To awaken and promote the creative potential of employees that is rooted in mankind itself and not in technological progress, is one of the key tasks for leadership facing digital transformation. The focus should be on enabling employees to develop a productive orientation in the sense of Fromm by developing their growth and creative expression potential in the organizational context.

4. Final remarks

Connecting the work of Fromm with contemporary discussions on leadership facing digital transformation, we can state: Not tools and numbers, but changing human relations should be key when focusing on digital transformation. Also, one should avoid drawing a clear contrast between »old« and »new« leadership—humans are still humans and though their surroundings might change in a fast pace, basic human needs stay the same. Principles rooted in a humanistic ethics may become more visible and a clearer demand for successful leadership, but they shouldn't be seen as something new emerging from social change, but rather as a stable rule and guideline. Fromm clearly shows that robots are not better people and that the automation of processes has its limits. When we think the opposite, it's rather a projection that expresses an alienated relation to our social world that has created a social imagery of man as machines. This is by far an underestimation of human potential.

By linking human potential and technological possibilities, the ability to balance becomes more and more crucial for leadership. In order to find the right balance, a value-based leadership culture is key. The main guideline should be to create trust, foster commitment and focus on relationships - and not the mere reduction on people analytics. Do not ignore fears, but incorpo-



rate them into change processes. For this purpose, create a space for employees to express tensions and ambivalences and to find a way to deal with them within the work process. Fromm's work makes clear that we have to re-think the relationship between paid work, productive activity and life – and that it's for sure more than just a simple »work-life-balance.«

Finally, the work of Fromm underlines the necessity of vision, courage, empathy and enthusiasm for human relations as crucial parts of good leadership. Therefore, a quotation from Fromm that states the importance of true compassion and knowledge of man, shall be presented to conclude this essay:

»[We should] free ourselves from the narrowness of being related only to those familiar to us, either by the fact that they are blood relations or, in a larger sense, that we eat the same food, speak the same language, and have the same ›common sense.« Knowing men in the sense of compassionate and empathetic knowledge requires that we get rid of the narrowing ties of a given society, race or culture and penetrate to the depth of that human reality in which we are all nothing but human. True compassion and knowledge of man has been largely underrated as a revolutionary factor in the development of man, just as art has been.«
(Fromm 1968a, p. 87.)

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