How Well-Led Organizations Communicate About and Manage Uncertainty

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Abstract

This research project compared practices in two different types of organizations – those that were well-led and those that were *not* well-led. In particular, the study compared how employees in these two types of organizations perceive communication and uncertainty management practices. Employees from a wide-range of organizations completed a questionnaire composed of communication items and climate scales from the Uncertainty Management Matrix. The study revealed that: 1) well-led organizations cultivate more uncertainty-embracing climates than their counterparts, 2) well-led organizations have more favorable outcomes (e.g., satisfaction, commitment, less cynicism), 3) effective leaders communicate by encouraging employees to notice changing trends, new ideas, and situational nuances, 4) effective leaders stimulate discussion, debate, and dialogue, and 5) effective leaders clearly articulate specific "end states" and goals of the organization.

Keywords: Communication, Leadership, Uncertainty Management Matrix, Well-led Organizations

Introduction

How should organizational leaders respond to the following employee questions:

- Will I have a job here in 10 years?

- Will competitors force us out of certain product lines?

- Will new government regulations compel us to change our business strategy?

The answers to these questions are often unknown, unknowable or uncertain. Executives are faced with difficult choices. Some: 1) downplay the uncertainty and shift the focus to more comfortable issues, while others 2) admit they "don't know" the answers and plead helpless to influence events. The first choice suppresses uncertainty by dismissing the importance of the questions and concerns of employees. The second succumbs to uncertainty and offers neither direction nor hope. There is another alternative, however. Even though it is chosen less frequently, this choice has the potential to satisfy employee information needs, engender trust, and foster commitment to the organizational direction. That option is to embrace the uncertainty and take action.

Taking action when experiencing uncertainty occupies the sweet spot between suppressing uncertainty and succumbing to uncertainty. Leaders who suppress uncertainty give the appearance that they really have all the answers. It's deceptive because no executive, no matter how talented, can fully anticipate how forces such as world events, government interventions and competitive pressures might alter the organization's direction. It's damaging because suppressed uncertainty breeds overconfidence, which can be fatal in changing times. Failing to acknowledge uncertainty can lead to a false sense of security. As Sir Winston Churchill (1950) put it, "there is no worse mistake in public leadership than to hold out false hopes soon to be swept away" (p. 61). Succumbing to uncertainty can lead to an equally

incapacitating problem by leaving the impression that the organization cannot act in the face of the unknown. However, leaders that embrace uncertainty recognize that meaningful learning, innovation, and progress can only be achieved when they take action in concert with their doubts and misgivings. They realize the value of uncertainty and shape their communication system to make use of it.

The tussle between certainty and uncertainty has concerned many communication researchers (Brashers, 2001; Goldhaber, 1993; Weick, 1979, 1995). Some scholars argue that humans have a fundamental need for certainty, even if it is based on mythology (Fry, 1987; Maslow, 1943). Yet, others have argued that humans have countervailing needs to escape the "iron grip of predictability and monotony" (Gumpert & Drucker, 2001, p. 27). On a behavioral level, the literature suggests that there are fundamental differences between employees who embrace and suppress uncertainty (Budner, 1962; Kirton, 1981; McPherson, 1983.)   Those who have less tolerance for uncertainty tend to avoid ambiguous stimuli, rely on authorities for their opinions and act in a dogmatic manner (Bhushan & Amal, 1986; Furnham, 1995). An employee who avoids uncertainty may be hesitant to express a dissenting opinion, looking to the supervisor for specific direction. On the other hand those who embrace uncertainty tend be self-actualized and flexible, preferring objective information (Foxman, 1976).

Just as individuals vary in the way they approach and deal with uncertainty, so do organizations. Some organizations manage uncertainty by embracing it. They openly discuss changes in their customer base and competitors, foster innovation, encourage meaningful dialogue, and de-emphasize rigid planning processes. Others, however, tend to avoid uncertainty by following inflexible control procedures or policies, ignoring changing circumstances, overly

relying on success recipes, and artificially bolstering organizational successes by overlooking shortcomings.

Clampitt and Williams (2004, 2005) sought to integrate these two forms of uncertainty by developing the Uncertainty Management Matrix (see Figure 1). This framework juxtaposes: 1) the individual employee's approach to uncertainty, and 2) how s/he perceives the organization's approach to uncertainty. Those individuals who embrace uncertainty see it as challenging, invigorating, and useful. They do not try to artificially drive the ambiguities and contradictions out of the situation. Conversely, those individuals who avoid uncertainty view it as threatening and undesirable. They tend to shun complexities and novelty. In like manner, individuals can perceive their organization as embracing uncertainty (i.e., being open to change and innovation) or see their organization as avoiding uncertainty by denying the presence or need for change.

{Insert Figure 1 about Here}

The approach posed by Clampitt and Williams (2004, 2005) is an extension of the organizational climate literature. According to Falcione, Sussman, and Herden (1987), organizational climate is a perceived set of enduring attributes of an organization and/or its subsets that can be measured, often quantitatively, that has an influence on organizational behavior. Communication climate has been posed as one dimension of organizational climate, including factors such a supportiveness, participative decision-making, trust, and openness (Dennis, 1975; Redding, 1972). Clampitt and Williams (2004, 2005) identify another form of organizational climate – climates that either embrace or avoid uncertainty. According to this approach, different climates emerge depending on how the individual employee approaches uncertainty and the way s/he perceives how the organization embraces or avoids uncertainty. As

suggested in Figure 1, there are four basic possibilities: **Placid Climate:** Employees and the organization both avoid uncertainty. Employees want few surprises and they rarely get them.

- **Unsettling Climate:** Employees desire certainty but they perceive that the organization embraces uncertainty. As a result, employees become unsettled and perhaps overwhelmed by the chaotic work environment.

- **Stifling Climate:** Employees embrace uncertainty but they perceive that the organization avoids it. The result is employees feel stifled.

- **Dynamic Climate:** Both employees and the organization embrace uncertainty. Employees want change and progress, and the organization promotes it.

Each quadrant represents a different kind of organizational climate with varying beliefs, assumptions, and ways of communicating.

Research Questions

The voluminous research investigating leadership typically operates from the assumption that leader behaviors or styles (e.g., transactional, transformational, autocratic, participative, laissez-faire) influence organizational outcomes such as commitment and performance (Daft, 2007; Northouse, 2007). In addition, the choices of leaders are often cited as the basis for successful or unsuccessful organizational change (Kotter, 1996, 2002; Kouzes & Posner, 2007; Schein, 2004). While the causal effect of leaders is probably overstated, their role in at least moderating organizational accomplishments is commonly accepted.

Since leadership and uncertainty management are important factors related to organizational outcomes, this research was guided by the following three research questions:

1. Do employees who perceive their organization as well-led tend to operate in different uncertainty embracing climates than those in not well-led organizations?

2. Do employees who perceive their organization as well-led exhibit more favorable outcomes (e.g., satisfaction, commitment) than those in not well-led organizations?

3. How do leaders in well-led organizations communicate differently from leaders in not well-led organizations?

Method

<u>Subjects</u>

The initial objective was to locate a pool of employees that perceived their organization on a continuum from well-led to not well-led. To facilitate locating subjects in well-led organizations, workers in a variety of *Fortune 500* companies were contacted and asked to complete a questionnaire. The belief was that a large number of employees from *Fortune 500* companies would perceive their leadership positively. Employees in a wide range of other types of organizations (i.e., some perceived as led better than others) were also solicited to participate in the study. Employees were drawn from organizations including financial institutions, medical facilities, retail organizations, manufacturing firms, government agencies, and educational institutions. A convenience sample of 249 subjects completed and returned the questionnaire.

<u>Measurement Instruments</u>

To answer the research questions, a survey composed of four parts was developed: 1) Uncertainty Climate questions, 2) Leadership Effectiveness questions, 3) Outcome questions and 4) Demographic questions. A 7-point "strongly disagree" to "strongly agree" scale was used to measure all items except the demographic variables. (Contact either author for a copy of the questionnaire.)

Uncertainty Climate. Prior research has established reliable and valid techniques for ascertaining how employees perceive the uncertainty climate. Using the measurement scales

developed by Clampitt and Williams (2005), respondents completed a 24-item questionnaire. (See Clampitt & Williams, 2005 for details on the questionnaire.) The first major dimension is Employee Uncertainty (i.e., the Y-axis of the Uncertainty Management Matrix). It consists of three sub-areas: Perceptual Uncertainty (i.e., the individual's willingness to actively look at different perspectives, new ideas, or signs that the situation is changing), Process Uncertainty (i.e., the employee's comfort in making a decision on intuition or a hunch), and Outcome Uncertainty (i.e., the employee's need to have detailed plans or know the specific outcome of a task). The twelve items measuring Employee Uncertainty were summed to create an overall score ranging from 12 to 84.

The other major dimension is employees' perception of Organizational Uncertainty (i.e.. the X-axis of the Uncertainty Management Matrix). This also includes three sub-areas: Perceptual Uncertainty (i.e., the degree to which the organization was viewed as actively looking for new ideas to address problems or signs that the situation was changing), Expressed Uncertainty (i.e., the degree to which the organization encouraged employees to express doubts or misgivings), and Outcome Uncertainty (i.e., the degree to which the organization was seen as needing detailed plans or a specific outcome before starting a project). The composite sum score of these twelve items produced the Organizational Uncertainty score ranging from 12 to 84.

Each subject's Employee Uncertainty score and Organizational Uncertainty score was calculated. Using median splits for each of these measures, subjects were identified as embracing or avoiding uncertainty, and their organization as embracing or avoiding uncertainty. Each subject was then classified into one of the four climates in the Uncertainty Management Matrix (see Figure 1).

Leadership Effectiveness. One item on the questionnaire asked respondents to indicate on a 1 (strongly disagree) to 7 (strongly agree) scale if their organization was "well-managed". We made the semantic choice of "well-managed" for three reasons. First, in the vernacular of the work world, "managed" is a term more commonly used by employees than "led." Second, employees typically do not make the distinction between "management" and "leadership," as is often the case in academia. Finally, the scale asking respondents if they felt their "organization is well-managed" was highly correlated with another item asking if their "organization was heading in the right direction" (r=.63, df=246, p<.001).

Subjects who strongly agreed (7) that their organization was well-managed were classified as working in a well-led organization (n=56), and those indicating they strongly disagreed to slightly agreed (i.e., 1 to 5) were classified as working in a not well-led organization (n=98). Those who responded "moderately agree" (i.e., 6) were not used in the study (n=95). Therefore, this investigation is based on the 154 subjects who perceived their organization as well-led or not well-led.

Outcome and Demographic Variables. A variety of outcome variables were analyzed in this study. They included single-item measures of several types of satisfaction, communication satisfaction, commitment, productivity, organizational direction, and cynicism. Each was measured on a 1 (strongly disagree) to 7 (strongly agree) scale. The survey also contained a number of demographic variables including gender, education level, and position in the organization.

Demographic Items

      Of the 154 employees investigated, 56 were in well-led organizations and 98 were in not well-led organizations. In this sample, 30% had a high school degree, 13% had professional certification or a technical college degree, 28% had some college, 22% had an undergraduate college degree, and 7% had a graduate degree. The chi-square test for independence revealed that the distribution of levels of education for well-led organizations was not significantly different from that of not well-led organizations (chi-square=7.30, df=5, n=148, p<.20).

      Seven percent were in top management, 22% in management, 56% in non-management, and 15% other. Eighty-one percent were female and 19% male. For both job classification and gender, chi-square tests indicated no significant differences for the distribution in well-led organizations vs. not well-led organizations (chi-square=2.99, df=4, n=149, p<.60; and chi-square=3.53, df=1, n=153, p<.06, respectively).

Uncertainty Climate

      Table 1 displays the results for uncertainty management. This table reveals that most of the employees in well-led organizations were in a Dynamic Climate (46%), followed by Unsettling Climate (32%). Very few were in a Stifling (9%) or Placid Climate (13%). Conversely, most of those in not well-led organizations were in a Stifling Climate (38%) or Placid Climate (33%). The fewest were in an Unsettling (13%) or Dynamic Climate (16%).

{Insert Table 1 about Here}

      The chi-square test produced a significant difference (chi-square=34.72, df=3, n=154, p<.001). This indicates employees in well-led organizations operate in significantly different work climates than those in not well-led organizations. Leaders in well-led organizations were

associated with Dynamic or Unsettling climates, while those in not well-led organizations had Stifling or Placid climates.

Analysis of the Employee Uncertainty composite score produced a non-significant difference between well-led and not well-led organizations (t=.40, df=152, p<.69). Likewise, all the related sub-factors proved to be non-significant: Perceptual Uncertainty (t=1.79, df=152, p<.08), Process Uncertainty (t=1.80, df=152, p<.07) and Outcome Uncertainty (t=1.87, df=152, p<.06).

Conversely, analysis of the Organizational Uncertainty composite score did produce a significant difference. The well-led organizations scored significantly higher on Organizational Uncertainty than their counterparts (t=6.90, df=152, p<.001). Likewise two sub-factors showed similar results: Perceptual Uncertainty (t=10.16, df=152, p<.001) and Expressed Uncertainty (t=5.86, df=152, p<.001). These results indicate that employees working in well-led organizations a) perceive their organization as attentive to changing situations and b) allow expressions of their doubts and misgivings. However, there was one aberration to this trend at the sub-factor level. In well-led organizations there were significantly lower scores for Outcome Uncertainty (t=2.16, df=152, p<.03). In other words, well-led organizations provide more certainty about expected outcomes than not well-led organizations.

Analyses of individual items on the Employee Uncertainty and Organizational Uncertainty scales revealed some additional insight. In terms of Employee Uncertainty, those in well-led organizations were more disposed to actively look for signs that the situation is changing (t=2.55, df=152, p<.01, item 2), more comfortable making a decision on gut instincts (t=2.35, df=152, p<.02, item 1), and more comfortable making a decision on the spur of the moment (t=3.33, df=152, p<.001, item 14). These findings are an indication that employees in

well-led organizations are more aware of environmental changes and comfortable making decisions.

In terms of employees' perception of how their organization embraces uncertainty, those in well-led organization were significantly different on a variety of items. They were more disposed to see their organization always on the lookout for new ideas to address problems (t=7.61, df=152, p<.001, item 23), easily spotting changing trends (t=9.64, df=152, p<.001, item 26), willing to reevaluate a decision when the situation changes (t=4.85, df=152, p<.001, item 28), and actively looking for signs that the situation is changing (t=7.13, df=152, p<.001, item 32). In addition, employees in well-led organizations were less inclined to view the organization's lack of certainty as a sign of weakness (t=2.89, df=152, p<.004, item 25). Moreover, well-led companies encouraged employees to discuss their doubts about a project (t=5.85, df=152, p<.001, item 30), wanted employees to admit that they are unsure about something (t=4.50, df=152, p<.001, item 33), and did not discourage employees from talking about their misgivings (t=5.44, df=152, p<.001, item 35).

Finally, we analyzed a sub-set of items about how employees perceived their organization needing a clear plan or outcome before pursuing a project. The results revealed that employees in well-led organizations believe their organizations need clearer plans and outcomes than their counterparts in not well-led organizations (t=2.16, df=152, p<.03).

Outcome Variables Results

Nine significant findings were discovered for the outcome variables. As expected, employees in well-led organizations were more satisfied with their job (t=5.54, df=152, p<.001, item 16), more satisfied with communication from their supervisor (t=6.85, df=152, p<.001, item 21), more committed to the organization (t=3.85, df=152, p<.001, item 17), and identified more

with their organization's values (t=6.38, df=152, p<.001, item 19). They were also less cynical (t=7.94, df=152, p<.001, item 36), felt their organization was headed in the right direction (t= 9.45, df=152, p<.001, item 37), and a great place to work (t=9.63, df=152, p<.001, item 48). Employees in well-led organizations also felt their co-workers were proud to work for the organization (t=9.60, df=152, p<.001, item 49) and they did not think other employees in the organization felt overwhelmed by change (t=3.30, df=152, p<.001, item 38).

Discussion and Practical Implications

The findings suggest some intriguing answers to our research questions and imply several actionable insights for aspiring leaders.

<u>Uncertainty Climates of Well-led Organizations</u>

The answer to the first research question is clear. The data indicate that well-led organizations have very different uncertainty climates than their counterparts. In particular, well-led organizations promote either Dynamic or Unsettling climates. Note in Figure 2 that 78% of the well-led organizations were classified in those climates. Yet, only 29% of those organizations not deemed as well-led were classified in the Dynamic or Unsettling climates. By digging a little deeper into the data, we can glean further insights. The findings suggest that, in general, employees in well-led organizations do not differ significantly in their comfort with uncertainty from their counterparts in other organizations. On the other hand, employees in well-led organizations do differ significantly in their views of how their organizations manage uncertainty. In particular, well-led organizations embrace rather than suppress or ignore uncertainty. Recall that the Uncertainty Management Matrix highlights two dimensions: Employee Uncertainty Management and Organizational Uncertainty Management. Yet only one of the dimensions – Organizational Uncertainty Management – really matters. In essence,

employee personal comfort with uncertainty matters less than how they perceive the organization dealing with uncertainty.

{Insert Figure 2 about Here}

A similar viewpoint permeates Jim Collins' best-selling book, *Good to Great*. He argues that the first priority is to "get the right people on the bus". He explained the philosophy this way:

> Look, I don't really know where we should take this bus. But I know this much: If we get the right people on the bus, the right people in the right seats, and the wrong people off the bus, then we'll figure out how to take it someplace great. (Collins, 2001, p. 41)

Our research clarifies a certain quality for those selected for the bus. In particular, an important role for leaders is creating an organizational climate that embraces uncertainty. That means evaluating the bus's underlying mechanisms such as decision-making processes, cultural norms, communication practices, and policies. More specifically, these leaders need to have the capacity to infuse employees with the spirit of inquiry and encourage them to openly debate issues. If existing leaders cannot do that, then they may, indeed, need to get off the bus.

Organizational Outcomes in Well-Led Organizations

Overall, the answer to the second research question is that employees in well-led organizations express more favorable responses than those in not well-led organizations. They were more satisfied with their job, more satisfied with communication from their supervisor, more committed to the organization, and identified more with their organization's values. Furthermore, they felt their organization was headed in the right direction, that it was a great place to work, and expressed less cynicism. They also perceived their co-workers as proud to work in the organization and that they were not overwhelmed by change. It would be an overgeneralization to say that leadership was solely responsible for all these positive outcomes;

however, it is reasonable to assume that leaders in organizations perceived as well-led contributed to and to some degree influenced these outcomes.

Communication Practices in Well-Led Organizations

By synthesizing the various findings in this study, we can address the third research question. These results help clarify how leaders communicate in order to build uncertainty embracing climates. Three of these practices are highlighted below:

First, effective leaders communicate in ways that encourage employees to notice changing trends, new ideas and situational nuances. The research revealed that 71% of the employees in well-led organizations believed that their organization "actively looks for signs that the situation is changing" compared to 19% of those in poorly-led organizations. Similar trends were found on related items such as "spotting changing trends" and "looking out for new ideas to address problems". And importantly, well-led organizations re-evaluate decisions in light of new information. These actions help cultivate a climate that not only attends to an ever-shifting environment but also recognizes the value of such information.

How do effective leaders cultivate a climate that recognizes, values, and communicates about uncertainty? Qualitative data gathered from the current analysis helps answer this question. A manager at one paper mill recognized the "certainty tendency" in almost every employee publication and executive presentation. He noted that most official communications focused exclusively on the known, which in turn produced a set of unrealistic employee expectations. Therefore, he decided to attack that issue by publishing and discussing a series of routine "Talking Point" memos that addressed key company issues like scheduling, new products, and marketing plans. Nothing startling about that. But he had a unique twist on this standard form of communication. Namely, every "Talking Point" contained three sections: 1) underlying

principles related to the issue, 2) what we KNOW now about the issue, and 3) what we DON'T

KNOW now about the issue. The result: initially many employees were "shocked" that

management would admit to their level of ignorance. However, over the long-term, employee

beliefs changed about the predictive powers of management. This in turn cultivated a more

resilient and adaptive organizational culture. Note that his communication underscored -- not

suppressed -- the inherent uncertainty in the environment. In this case the leader set an example

of legitimizing uncertainty and encouraging others to do so, as well.

Second, effective leaders stimulate discussion, debate and dialogue. Perceiving

uncertainty alone does not guarantee that the organization will embrace uncertainty. The

organization must take active steps to allow employees to discuss their doubts and concerns. It

also requires that organizations encourage employees to challenge existing policies, procedures,

practices, and prevailing perceptions. The data clearly indicate that employees in well-led

organizations believe their organizations allow them to discuss their doubts, misgivings, and

feelings of uncertainty. For example, in well-led organizations only 12% of respondents felt that

their organizations "discourage employees from talking about their misgivings" compared to

30% of respondents in the poorly-led organizations.

In essence, leaders of well-led organizations legitimize doubt, while their counterparts

suppress it. Dissent is nourished and encouraged. It is not seen as a sign of weakness. These

findings parallel Kassing's work on organizational dissent which indicates that employees are

often hesitant to openly voice their concerns to their superiors (Kassing, 2006; Kassing &

Dicioccio, 2004). Our study also reaffirms the research of Detert & Burris (2007) who

concluded:

> …very specific leader behaviors, rather than generically positive or personalized
> behaviors may be needed to stimulate routine voice from subordinates. In particular,

behaviors that indicate openness to change and a willingness to act on input from below … (p. 881)

For example, in one organization we used the Uncertainty Management Matrix to stimulate a discussion about organizational practices that inhibit embracing uncertainty. After reviewing these results, one woman in a Stifling Climate privately shared a tale that captured the essence of the problem. She related that, during a meeting, she expressed a well thought out misgiving about a particular initiative. A couple of days later a vice-president counseled her that "raising these kinds of objections shows that you are not a 'team-player.'" She never publicly raised any concerns after that "chat".   No wonder over 70% of the employees in this organization perceived a Stifling Climate. In contrast, effective leaders do not fear the tumult of discussion, debate, and dialogue.

Thirdly, effective leaders articulate specific "end states" or goals of the organization. While well-led organizations encourage a lot of discussion and debate upfront, the ambiguity fades when it comes to goals. Less well-led organizations tend to communicate muddled outcomes. For example, our data indicates that 50% of employees from well-led organizations agreed with the statement "My organization needs to know the specific outcome before starting a project." Only 26% of employees from the less-well led organizations agreed. A similar trend occurred with the other items from the "Outcome Uncertainty" sub-factor.

This finding may appear to be at variance with our other results. One might reason that if leaders value uncertainty, ambiguity, and doubt then they would be comfortable communicating vague outcomes. Yet that line of reasoning assumes that effective leaders intrinsically value uncertainty, ambiguity and doubt. We suspect that is not the case. Instead, they see the instrumental value of uncertainty during the initial stages of decision-making while recognizing the importance of clarity when setting the organization's direction. The heuristic may be

something like this: "Perceive uncertainty. Discuss doubts. Specify outcomes." Less successful leaders may use some variant of the following heuristic: "Ignore uncertainty. Suppress doubts. Obscure outcomes". Future researchers will need to verify those heuristics. However, George S. Patton, arguable one the world's greatest military generals, lends credence to this idea. One biographer described his leadership philosophy: "Patton encouraged frank and open discussion before he made a decision. However, once he made a decision, that was that. Orders were never complicated, normally never exceeded a single page, and often had a map sketched on the back" (D'Este, 1995, p. 577). We get a further glimpse into his leadership philosophy in his adage, "If you tell people where to go, but not how to get there, you'll be amazed at the results." His maxim clearly resonates with the "perceive uncertainty, discuss doubts, but specify outcomes" leadership heuristic.

Limitations and Future Research

This study, like others, has limitations that should temper our conclusions and spur on further research. First, employee perceptions were used to make judgments about the quality of organizational leadership. This provides one point of view, and it is clearly one that deserves attention. However, other perspectives, such as a company's performance in the marketplace, could also be used as an indicator of effective leadership. Second, many outcome variables in this study used a single-item measure. Our objective in this initial inquiry was to survey a broad number of variables without unnecessarily lengthening the questionnaire or time participants took to complete it. In the future, however, it would be desirable to develop multi-item measures for each outcome variable so as to improve reliability. Third, a more varied sample of employees would help validate the findings of the current study. Even though education levels and managerial vs. non-managerial employees in our sample were representative of the larger

population, males were underrepresented. Also, since our data were gathered in North America, generalizations are limited. As Hofstede (2001) has shown, responses to uncertainty often vary between cultures. We plan on addressing this issue in future research. In sum, while the study has limitations, it does provide insight into how well-led organizations manage uncertainty as well as their communication practices.

Conclusion

Uncertainty permeates organizational life. Leaders can choose to ignore it, suppress it, succumb to it, or embrace it and take action (see Table 2). That decision, to a large extent, will influence their organizations' level of effectiveness. Ignoring or suppressing it might provide temporary comfort. But employees instinctively know that uncertainty lurks just around the corner. Succumbing to or balking at uncertainty cultivates a sense of hopelessness and a perception of leadership weakness. Embracing uncertainty requires something special of leaders. It requires that they create appropriate policies, procedures, and cultural norms. It requires that they encourage employees to notice shifting trends and new ideas. And, it requires that they encourage debate and dialogue. Yet, after the issues have been fully discussed, they tend to communicate specific outcomes. Effective leaders are not necessarily enamored with uncertainty but rather they realize uncertainty pervades all their information, knowledge, decisions, and actions. Rather than trying to rid their organizations of uncertainty, they seek to make it work for them. And they know their organizations can only transform uncertainty into action by properly communicating about it. Mastering this challenge shields them from ineffectuality, irrelevancy and, ironically, instability.

{Insert Table 2 about Here}

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Table 1
Results for Uncertainty Management

UMM Climate	Overall (n=154)	Well-Managed Organizations (n=56)	Not Well-Managed Organizations (n=98)
Placid	39 (26%)	7 (13%)	32 (33%)
Unsettling	31 (20%)	18 (32%)	13 (13%)
Stifling	42 (27%)	5 (9%)	37 (38%)
Dynamic	42 (27%)	26 (46%)	16 (16%)

Table 2
Types of Responses to Uncertainty

	Suppressing Uncertainty	Succumbing to Uncertainty	Embracing Uncertainty while Taking Action
Description	Conceals or actively downplays uncertainty in the environment.	Suggests that the future is completely chaotic, random and cannot be influenced.	Fosters a sense that the organization can take meaningful action by embracing the inherent uncertainty of the future.
Typical response to tough questions	"Nobody who has seriously looked at this issue feels that way."	"I don't know what is going to happen."	"Here's what we think we know…. here's what we don't know... We are going to approach the situation guided by the following principles… We will learn more as we go forward and adapt accordingly."
Underlying assumption	What people don't know won't hurt them. Downplaying uncertainty decreases employee anxiety. Executives should know all the answers.	There are no answers, so why fake it.	Adaptation is the key to managing in a complex and chaotic world. We can't adapt unless we acknowledge what we don't know right now.
Likely outcomes	• Builds false sense of security which increases likelihood of debilitating surprises. • Fosters paternalistic employee relationships. • Deprives employees of opportunities for scenario planning	• Breeds hopelessness in employees. • Fosters a perception that organizational successes are random. • Encourages thoughtless experimentation.	• Encourages employee adaptation and flexibility. • Cultivates a sense of direction and commitment. • Encourages thoughtful experimentation and innovation.

Figure 1
Uncertainty Management Matrix

Embrace

**Employee's
Uncertainty
Management
Approach**

Stifling Climate	**Dynamic Climate**
Placid Climate	**Unsettling Climate**

Avoid   *Embrace*

Organization's Uncertainty Management Approach
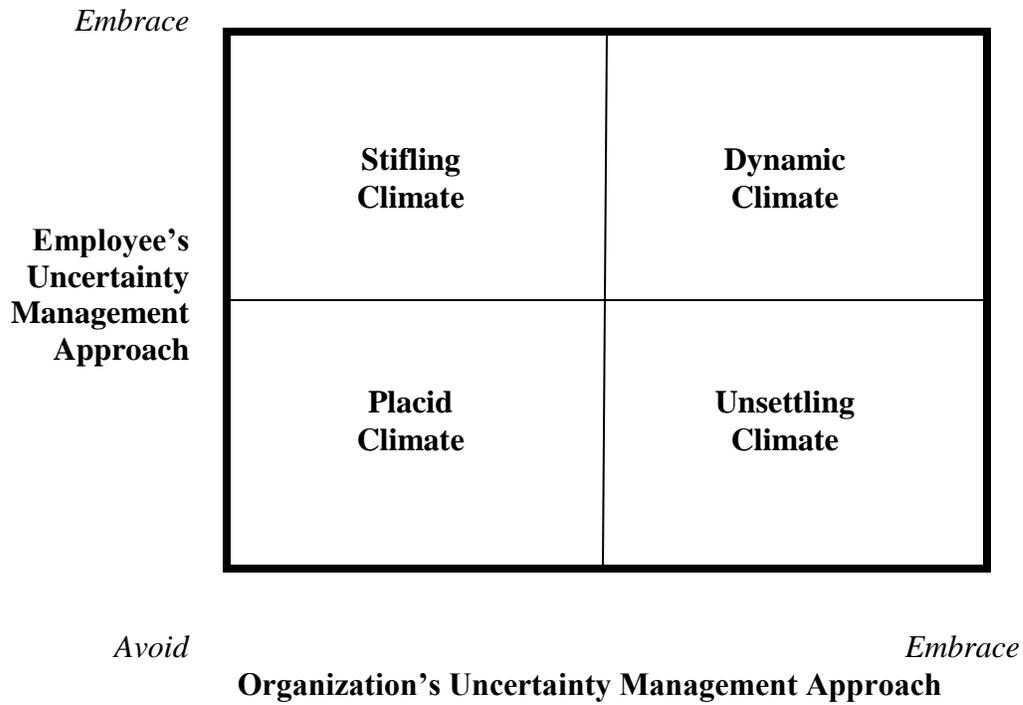
Figure 2
Climates in Well-led vs. Not Well-led Organizations