WP 4 · LEADERSHIP CLIMATE AS THE REGULATION LAYER

> *Homeostasis instead of maximization — needs are regulated toward target bands like body temperature, not driven to a maximum.*

Gerald Huesch — Global Leadership Consultancy L.L.C. · Global Leadership School · Global Leadership Society · Director, Center of Behavioural Leadership, St. Gallen Business School

Draft for discussion and further scholarly development · Version of 30 September 2026

ABSTRACT

WP 3 showed how a belief attains durable status. This paper treats what regulates the behavior that carries such beliefs.

At AGI-26, Anna Mikeda and Ben Goertzel build a motivational architecture whose founding decision has consequences for leadership: needs are regulated toward **target bands**, not maximized. In doing so they separate posture from interpretation and feeling from emotion — two distinctions that collapse constantly in leadership conversations. Alexander Sabine adds why leadership behavior without disturbance produces nothing. From this follows Condition 4: climate is not a mood reading but the control loop that determines which behavior repeats.

Keywords: homeostasis · target band · modulator · appraisal · phase gating · reparability · LEAD21 · Leadership Climate

Suggested citation: Huesch, G. (2026). Leadership Climate as the Regulation Layer. Working Paper Series 2026, Series 1 "The Superintelligent Organization", WP 4. Global Leadership Consultancy.

PART 1 · THE FINDING

1 THE QUESTION

Maximum safety is paralysis. Maximum satisfaction is an inability to take criticism. Maximum urgency is chronic stress. Not a single leadership goal tolerates its own maximum — and yet almost every culture programme is built as maximization: more trust, more recognition, more speed.

The question of this paper: **how is leadership climate regulated as a system — rather than treated as a mood?**

2 WHAT AGI-26 SHOWS

Target bands instead of maxima. Anna Mikeda and Ben Goertzel state the founding principle of their architecture in a sentence that calls decades of culture work into question:

> **"Needs are regulated toward target bands, like body temperature — balance, never maximization. No pathological caretaker maximizing nurturing forever."**

They regulate seven needs this way, each phrased as a question: competence — am I being effective? uncertainty — is ambiguity manageable? affiliation — is the bond intact? affinity — quality of being-with. legitimacy — am I within ethical bounds? nurturing — does this person need care? aesthetic coherence — is the exchange elegant?

Each has a band. Too little is a problem. Too much is also one.

Posture is set before interpretation. The ten-stage cycle of their architecture has a property regularly overlooked in leadership conversations: **cognitive modulation** — the posture — is set *before* any reasoning about the situation. Only then follows the **appraisal**, the interpretation, and it works under that posture.

> "Modulators enter as input, not output: the stance is already set, and appraisal interprets the turn through it. **Same stimulus, different posture → different appraisal.**"

Translated: the same message reaches a leader differently on Monday morning than on Friday evening — not because they are unprofessional, but because posture precedes interpretation. Whoever knows this does not put important conversations into arbitrary slots.

Feeling is not emotion. They separate what organizations constantly conflate:

	TIMING	FUNCTION
Feeling	before action	Reads out the current need configuration; pre-configures the decision; **changes nothing**
Emotion	after action	Evaluates the outcome against the expected need-delta; **drives learning**

A feeling is a readout. An emotion is a learning signal. Whoever wants to improve mood works on the readout.

Modulators are aggregates, not levers. Valence, arousal, dominance, resolution level, focus, exteroception — none is programmed directly. Each is an aggregate of the current need state. Their note:

> "'Teaching mode' or 'citation rigor' are derived projections, not primitive states."

This explains why appeals to a posture remain ineffective. A posture cannot be ordered. Only the need state it arises from can be changed.

And silence is an action. For their CompanionAgent they state as a key insight: *"silence as a motivated choice, not absent output"*. A leader who says nothing has done something. The only question is whether deliberately.

A mirror that never fails gives nothing. Alexander Sabine works with a temporal grammar and arrives at a finding uncomfortable for leadership. He cites Winnicott:

> **"No rupture, so no repair; and no stable self. A mirror that never fails gives nothing to push against. Winnicott's mother is good enough because she fails — at a rate the infant can use."**

And on timing:

> **"It is not how big the smile. It is when it lands."**

Sabine's fifth principle adds the condition: *"Secure holding (low Ω) makes sustained exploration (high Ω) affordable through time."* Safety is not the goal. Safety is what makes exploration affordable.

3 WHAT LEADERSHIP RESEARCH HAS SAID FOR DECADES

Litwin and Stringer (1968) introduced climate as a measurable quantity and separated it from culture: culture is what holds; climate is what it feels like to work here — and climate is changeable in the short term. McClelland shows that motives are learned and measurable and that leadership behavior can address them systematically. Spencer and Spencer connect this to competency models: what someone does depends on what the situation means to them.

The line is old. What is new is that AGI research builds the same architecture, because nothing else works.

4 MOOD IS A READOUT, NOT A LEVER

Whoever wants to lift the mood is intervening at the end of the chain. The lever lies one level below, at the needs that produce the modulators — and there above all at two rarely named in companies:

Legitimacy. Am I within bounds? Am I allowed to do what I am doing? An organization in which legitimacy is unclear produces caution — and caution looks like sluggishness.

Ambiguity. Is the ambiguity manageable? Not: is everything clear? But: can I work with the unclear? An organization that does not make ambiguity manageable produces escalation — every uncertainty travels upward.

Both are target bands. Too little room for legitimacy paralyses; too much produces arbitrariness. Too little tolerance of ambiguity escalates; too much produces indifference.

5 ONE EXAMPLE, WORKED THROUGH

Illustrative example, not a case report.

A company measures employee satisfaction and, after two years of culture work, reaches a very good score. At the same time, the number of initiatives abandoned after running too long rises.

The connection is rarely seen. Satisfaction was maximized — not regulated into a band. Criticism of running initiatives is expensive in a maximally satisfied environment: it disturbs a good everyone is protecting. So people wait longer. Correction Latency from WP 3 rises while the mood rises.

What a target band would have changed: the question is not "how satisfied are we?" but "is our satisfaction within the band — high enough that people stay, low enough that dissent remains affordable?"

6 HOLD ON

Objection 1: You want to make people less satisfied?

No. A target band does not mean less, it means regulated. The lower end is as much a problem as the upper — people leave organizations in which affiliation falls below the band.

The advantage: a band is a leadership task that can be fulfilled. A maximum is one nobody ever reaches — and which therefore turns every survey into an accusation.

Objection 2: This sounds cold. We want a good culture.

Sabine's Winnicott sentence answers the objection more precisely than any culture handbook: a leader who is never wrong gives the team nothing to form itself against. Good enough means failing at a rate the organization can use — and repairing afterwards.

The advantage: reparability is learnable and measurable. Faultlessness is neither.

7 THE CONDITION

> **Condition 4 · Regulation**
>
> Leadership climate is not a mood reading but the control loop that determines which behavior repeats. Needs belong in target bands, not at maxima. And the effect of a response depends on its timing, not its magnitude.

PART 2 · WHAT LEAD21 ANSWERS

REQUIREMENT	INSTRUMENT	MECHANISM	COVERAGE
Survey the climate	Leadership Climate (08)	Survey across defined dimensions, reflected back to all levels	covered
Target bands instead of maxima	Leadership Climate (08)	—	**partial** — dimensions yes, bands not defined
Legitimacy and ambiguity	—	—	**open**
Timing of the response	Laser Meeting (04)	fixed rhythm, short paths	**partial** — rhythm yes, phase relation not explicit
Reparability	9 Chambers (01), Chamber 8	Monitor, check, learn	**partial** — relates to decisions, not relationships

CRITICAL APPRAISAL

The climate survey is the instrument that distinguishes LEAD21 from mere collections of methods: it surveys regularly, it reflects back, and it trains several levels at once. It is also where the only measured evidence lies.

Three places do not hold.

Target bands are not defined. The dimensions are surveyed, but there is no defined upper and lower bound. Every survey therefore reads implicitly as "more is better" — precisely the error Mikeda and Goertzel rule out.

Legitimacy and ambiguity do not appear as dimensions of their own. On this paper's finding, they are the two places with the greatest leverage.

Reparability in Chamber 8 relates to decisions, not to leadership relationships. Whether a leader can repair after a mistake, and how quickly, is captured in no instrument.

The mapping comes from the developer of the system and is not independently verified.

WHAT THE SERIES GIVES BACK TO LEAD21

Bands instead of scales. For every climate dimension an upper and a lower bound with reasoning. A value above the band is discussed exactly as one below it.

Two new dimensions: room for legitimacy and tolerance of ambiguity, both as bands.

A metric for repair: the interval between a recognized leadership mistake and the first action addressing it. Sabine's finding says this interval counts for more than the size of the gesture.

FALSIFIABLE PREDICTION

> **Prediction 4.** Organizations that run climate dimensions as bands show a shorter Correction Latency (WP 3) than organizations running the same dimensions as scales — because dissent is cheaper in a regulated climate than in a maximized one.

PART 3 · ABOUT GERALD HUESCH

> **This paper claims that climate is regulable. For that, LEAD21 holds the one survey that does not rest on self-report but was measured.**

A **one-year study** in a European industrial group, scientifically accompanied and independently led by **Prof. Dr. Beate Hanson**, clinical epidemiologist, and **Prof. Dr. Mohit Bhandari** of **McMaster University**. **567 professionals and leaders** took part, at a response rate of **78 per cent**. Three management levels were trained; four organizational levels were evaluated — so the effect was not surveyed only where the training happened.

The result: significant improvement in **8 of 9 dimensions** of the transformation and performance climate. One dimension did not improve — and that stands here, because results consisting only of successes are not results.

All other figures stated at gerald-huesch.com/evidence-en are expectation surveys with self-report. This series never presents them as measurements. On the practical connection between leadership and transformation: the article *LEAD21 revolutioniert Führung und Transformationen* at *HR-Insider*.

> **Systems shape behaviour.** Through the selection of the right instruments, mechanics and leadership codes — derived from values and leadership guidelines — the behaviour of everyone involved is synchronized and aligned. Not through motivation, but through a system that produces the right behaviour when applied.
>
> Sales has Salesforce. Finance has SAP. Leadership has LEAD21.

About the author. Gerald Huesch is the creator of the leadership operating system category – "one of the most professional and creative minds in the domain of leadership and difficult change projects" (Boston Business School). With LEAD21 he built the first operating system for leadership – 21 evidence-based methods, the comprehensive solution and the missing link for complete transformation, extreme growth and high-volume post-merger integration: a unique leadership system for human coordination at scale, in which alignment and culture emerge as a by-product. He has trained more than 30,000 executives in over 30 countries (NASA, Rolls-Royce, Airbus, Omnicom and others) and delivers executive leadership training, leadership development and executive mentoring for executives in Germany, the Americas, Asia Pacific and the UAE. Participants from 300+ companies report +87% clarity, +58% efficiency, +50% performance,

+46% alignment and −50% negative stress after LEAD21 (participant-reported); a one-year study with 567 leaders (Prof. Beate Hanson & Prof. Mohit Bhandari, McMaster University) showed improvement in 8 of 9 climate dimensions. Dr. Charles Pellerin (NASA) on LEAD21: "Unique in the world, and a capability that nobody else has." **gerald-huesch.com/about-en**

PART 4 · OUTLOOK

STATUS OF THE SERIES

QUESTION	STATUS
Why is leadership the architectural condition of AI adoption?	answered in WP 0
How does one recognize that an organization perceives itself?	answered in WP 1
How does the organizational world model become explicit?	answered in WP 2
What governs entry into durable belief?	answered in WP 3
How is leadership climate regulated as a system?	**answered in WP 4**
How does one decide under cognitive overabundance?	open, WP 5
How much legibility does delegation require?	open, WP 6
What does membership instead of control mean?	open, WP 7
Does LEAD21 affect AI adoption?	not substantiated — Prediction 0
Can openness be produced by a routine?	not substantiated — Prediction 1
Does a Perspective Audit produce clearer directional decisions?	not substantiated — Prediction 2
Does a recorded verdict shorten Correction Latency?	not substantiated — Prediction 3
Do target bands lower Correction Latency?	**not substantiated** — Prediction 4

WHAT COMES NEXT

WP 5 · The Weakest Correct Decision. *Weakest Correct* — among all correct options, the one that makes the fewest further commitments. This paper showed what regulates behavior. The next shows how to decide when information is not scarce but, on the contrary, abundant.

OPEN QUESTIONS FROM THIS PAPER

1. How wide must a target band be to remain leadable rather than becoming a point target?

2. Can the timing of a response be determined without delaying the response?

3. Are there climate dimensions for which a maximum is in fact right?

NOTES

On method. Conception, argument and responsibility rest with the author. An AI system (Claude, Anthropic) was used as a working instrument for research, structuring, the transposition of the AGI-26 contributions and the bilingual drafting, with the explicit instruction to assess the relation of LEAD21 to AGI critically and with the greatest possible objectivity, including against the author's interest. Readers are expressly invited to evaluate the contribution of LEAD21 to AGI critically, with maximum objectivity of their own, and to draw their own conclusions.

Declaration of interest. The author is the developer and owner of LEAD21 and has a commercial interest in its dissemination. Every statement about LEAD21 is assigned a degree of coverage and an evidence status.

On sources. The author evaluated the posters he documented at AGI-26 as well as titles, abstracts and the proceedings tables of contents — not the full texts. Verbatim quotations come from the posters. Litwin & Stringer as well as McClelland and Spencer & Spencer are taken from secondary literature; the primary sources were not consulted for this version.

REFERENCES

AGI-26

Macrine, S. L. (2026). Beyond the engine: Active inference and the driver-interface architecture for adaptive AGI. In M. Iklé, A. Franz, A. Kemendo & H. Lowy (Eds.), *Artificial General Intelligence. AGI 2026, Part II* (LNCS 16855, pp. 38–56). Springer.

McFarnell, S. (2026). Affective control under uncertainty: A precision-modulated active inference architecture for adaptive agents. In Iklé et al. (Eds.), *AGI 2026, Part II* (LNCS 16855, pp. 57–61). Springer.

Mikeda, A., & Goertzel, B. (2026). A motivational architecture for conversational AGI. In Iklé et al. (Eds.), *AGI 2026, Part II* (LNCS 16855, pp. 62–77). Springer.

Sabine, A. (2026). Phase-gating across precision channels: Topological constraints on multi-channel belief update dynamics. In Iklé et al. (Eds.), *AGI 2026, Part II* (LNCS 16855, pp. 219–236). Springer.

Leadership and organizational research

Litwin, G. H., & Stringer, R. A. (1968). *Motivation and organizational climate.* Harvard Business School. — *Primary source not consulted.*

McClelland, D. C. — motive research; cited from secondary literature.

Spencer, L. M., & Spencer, S. M. — competency models; cited from secondary literature.

Winnicott, D. W. (1947). — cited after the account in Sabine (2026).