

## **The Paradox of Visionary Leadership: Sustainability Risks in Founder-Led Biotechnology Firms**

**Arradina Zessa Devy, Achmad Husen, Dian Alfia Purwandari, Nurcitra Rehulina  
Br Ginting, Ardiyanti**

Universitas Negeri Jakarta, Indonesia

Email: [arradina.zessa@mhs.unj.ac.id](mailto:arradina.zessa@mhs.unj.ac.id), [ach.husen59@gmail.com](mailto:ach.husen59@gmail.com), [dian-alfia@unj.ac.id](mailto:dian-alfia@unj.ac.id),  
[nurcitra.rehulina@mhs.unj.ac.id](mailto:nurcitra.rehulina@mhs.unj.ac.id), [ardiyanti@mhs.unj.ac.id](mailto:ardiyanti@mhs.unj.ac.id)

### **ABSTRACT**

Visionary leadership is often regarded as the hallmark of success in modern organizations, yet it embodies a profound paradox. This study explores the tension between the inspirational power of a visionary founder and the systemic risks arising from overdependence on a singular figure in a biotechnology start-up. Employing a mixed-methods approach combining quantitative Structural Equation Modeling (SEM) analysis and narrative interpretation, this article reveals how leader-centric cultures may accelerate growth but also jeopardize long-term organizational resilience. These findings carry significant implications for organizational practice, suggesting that biotechnology firms must implement structural reforms to complement visionary leadership with robust governance frameworks and formal succession planning. The study contributes to leadership theory by challenging conventional assumptions about the universal benefits of visionary leadership and highlighting its intricate relationship with organizational sustainability. For policymakers and investors, the results emphasize the necessity of promoting governance diversification in founder-led enterprises. By bridging empirical analysis with critical humanities perspectives, this research offers novel insights into how visionary leadership shapes institutional dynamics, collective behavior, and ethical decision-making within high-growth organizations.

**Keywords:** Visionary Leadership, Founder Dependency, Organizational, Sustainability Risk.

### **INTRODUCTION**

Leadership holds a highly decisive role in determining an organization's success in achieving its goals. Therefore, discussions on organizational progress are inseparable from the concept of leadership. Leadership significantly shapes, influences, and often determines how an organization advances toward its objectives (Tampubolon, 2023).

Visionary leadership is one of several modern leadership paradigms that gained prominence after the 1990s. The ability to formulate a forward-looking vision that is consistent, compelling, personally resonant, and widely accepted across the organization or a particular division—and to effectively communicate this vision—is known as *visionary leadership* (Riggs, 1992). It is defined as the capacity to create and articulate a

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clear vision that imparts meaning and direction to organizational work (Nanus, 1992; Sashkin, 1992).

Visionary leadership has a profound impact on fostering trust in new ventures, enhancing employee motivation, nurturing loyalty, and increasing performance levels (Miharja & Hayati, 2021). It serves as a strategic lever for ensuring organizational sustainability and long-term growth. According to Ismail et al. (2022), visionary leadership establishes a clear direction, manages change, and translates strategic intent into actionable steps through employee engagement. Westley and Mintzberg (1989) describe visionary leadership as a dynamic process involving vision, communication, and action to drive transformation. Visionary leaders effectively mobilize and inspire teams around a shared purpose, strengthening commitment to the organization's mission (Cheema et al., 2015).

For example, Steve Jobs of Apple, as a quintessential visionary leader, communicated his vision to engineers and inspired them to develop products designed for mass adoption and even life-saving potential (Liang et al., 2020). A clear articulation of visionary leadership underscores the necessity of having a purpose-driven direction; great leaders must possess a coherent vision and the capacity to guide followers toward its realization (Bushe & Marshak, 2016). Sibeko and Barnard (2020) explain that *visioning* involves creativity and foresight, serving as a critical component of organizational success and longevity. As such, visionary leadership is essential for effective business leadership in the modern era.

Prominent visionary leaders such as Elon Musk (Tesla), Steve Jobs (Apple), and Nadiem Makarim (*Gojek*) are frequently cited as catalysts for innovation and organizational breakthroughs. However, excessive reliance on a single visionary figure—which may initially serve as a source of strength—can ultimately create a single point of failure that jeopardizes organizational stability. This challenge is evident in Company X, where substantial dependency on a visionary leader spans innovation, culture, and strategic decision-making. The leader, a biotechnology expert, holds domain-specific knowledge that far exceeds that of other team members, creating a significant expertise gap. Such overreliance poses substantial risks to long-term viability. Thus, there is a pressing need to develop a more adaptive leadership model that retains the advantages of visionary leadership while reducing systemic vulnerabilities.

A study by Khan et al. (2023) investigated the phenomenon of *visionary dependency* in high-growth startups and found that while charismatic founders often fueled early success, their dominance frequently undermined organizational resilience. The study revealed that 67% of such firms experienced significant disruptions during leadership transitions, highlighting the dangers of centralized decision-making. Similarly, Gavetti and Rivkin (2023) examined the so-called *vision trap* in founder-led organizations and demonstrated that unyielding loyalty to a founder's vision can inhibit adaptability and innovation at scale. Their findings emphasize the necessity of balancing visionary leadership with distributed governance structures to ensure sustainable growth.

This study addresses a critical gap in the existing literature by investigating the specific mechanisms through which visionary leadership influences sustainability risks in biotechnology firms—a sector where founder expertise is often indispensable in the short term. Using a mixed-method approach, the research not only quantifies the relationship between visionary leadership and sustainability risk, but also qualitatively explores the mediating roles of organizational culture and succession planning.

The findings aim to provide actionable insights for biotechnology firms seeking to leverage the transformative power of visionary leadership while mitigating its inherent organizational risks. Ultimately, this study contributes to the broader discourse on leadership by offering a nuanced framework for balancing inspiration with institutional resilience—essential for achieving sustainable, long-term success.

## RESEARCH METHODS

This study employs a mixed-methods approach that incorporates both descriptive and verificative research. Data collection was conducted via a Google Form questionnaire completed by employees of Company X, who served as respondents. The quantitative data collected on a Likert scale were analyzed using T-tests performed in R software, while qualitative data were examined through narrative analysis. The questionnaire included items related to the company's current status, dimensions of visionary leadership, and strategies to mitigate the risks of overdependence without compromising the benefits of visionary leadership.

Given that the population size is fewer than 100 individuals, the study utilized a saturated sampling technique, meaning the entire population was included as the sample.

This research is explanatory in nature, as it aims to clarify causal relationships between variables through hypothesis testing. Based on its level of explanation, it qualifies as associative research, which seeks to identify and analyze relationships between two or more variables (Sugiyono, 2011). The purpose of this study is to develop a theoretical framework to explain, predict, and control the hypothesized relationships.

The hypotheses used were:

1. H1: Visionary leadership (VL) has a negative effect on organizational sustainability risk (OSR).
2. H2: Organizational culture (OC) mediates the negative effect of visionary leadership (VL) on organizational sustainability risk (OSR).
3. H3: An organizational culture that is highly dependent on the leader strengthens the negative influence of VL on OSR.
4. H4: A well-established succession strategy (SS) weakens the positive relationship between dependence on a leader and OSR.

The appropriate data analysis technique for this research framework is Structural Equation Modeling (SEM), a multivariate analysis technique that combines Confirmatory Factor Analysis (CFA) and structural regression analysis, making it suitable for testing complex relationships such as the influence of visionary leadership on sustainability risk.

**Table 1. SEM Regression Results**

SEM Regression Results						
Hypothesis	Estimate	Std. Error	Z - Value	P - Value	Std. Lv	Std. All
H1 (Visionary Leadership → OSR)	0.234	0.043	5.477	0.00	0.234	1.000
H2 (VL Dependency → OSR)	0.484	0.192	2.519	0.012	0.484	1.000
H3 (Organizational Culture)	-0,229	0,161	-1,426	0,154	-0,229	-0,1530
H4 (Succession Strategy)	-0,012	0,093	-0,132	0,895	-0,012	-0,019

Source: Processed primary data (2025)

## RESULTS AND DISCUSSION

### Result

Based on the results of the Structural Equation Modeling (SEM) analysis using Confirmatory Factor Analysis (CFA), the findings for H1 (Visionary Leadership → Organizational Sustainability Risk) show an estimate ( $\beta$ ) of 0.234 (positive) and a p-value of 0.000, indicating a contradiction with the initial hypothesis. Visionary leadership actually increases the risk to organizational sustainability. Every 1-unit increase in visionary leadership corresponds to a 0.234-unit increase in sustainability risk. The implication is that an overly dominant leader's vision may result in excessive dependence or overly radical changes.

In H2, regarding dependence on a leader and its effect on sustainability risk, the estimate is 0.484 with a p-value of 0.012, suggesting that organizational dependence on a leader significantly increases sustainability risk. This effect is stronger than the direct influence of visionary leadership alone. The implication is that the organization is excessively reliant on a single leader figure.

H3 returned a non-significant result, with an estimate of -0.229 and  $p = 0.154$ . Although the negative direction suggests that organizational culture may weaken the positive relationship between visionary leadership and sustainability risk, the effect is not statistically significant. With  $p > 0.05$ , there is insufficient evidence to conclude that organizational culture moderates this relationship. This may suggest that the organizational culture at Company X is either not strong enough or insufficiently defined to impact the relationship between visionary leadership and sustainability, indicating a need for further qualitative investigation into why the moderating effect does not emerge.

In H4, the estimate is -0.012 with a p-value of 0.895, suggesting that the estimate is near zero and the high p-value indicates that succession strategy has virtually no effect on the dependence-risk relationship. This could be due to a lack of serious implementation of succession planning, necessitating a comprehensive evaluation.

Prof. X is the leader of Company X, capable of formulating a vision not only focused on short-term profits but also on sustainable growth. However, he shows shortcomings in effectively communicating this vision across the organization in response to competition.

Dependence on Prof. X has a positive association with increased sustainability risk. The absence of shared leadership and suboptimal governance structures reinforce this dependence. Leadership that revolves around Prof. X rather than a well-structured governance system amplifies the negative relationship between visionary leadership and sustainability risk. This approach is commonly adopted by startup founders as it is perceived as effective during the early stages of organizational development. Leaders such as Elon Musk (Tesla, X), Steve Jobs (Apple), or Nadiem Makarim (Gojek) have served as the gravitational centers of their companies, driving teams through strong vision and fast decision-making. While this approach may be effective in the short term, it poses significant long-term risks to the organization's sustainability.

A study by Bennedsen et al. (2020) published in the *Journal of Financial Economics* found that companies highly dependent on their CEOs/founders experienced an average 32% decline in firm value within two years after a leadership transition. A meta-analysis by Peterson et al. (2022) covering 85 case studies showed that unilateral decision-making by a single leader had a 58% higher failure rate compared to collective decision-making. Classic cases such as the collapse of WeWork (Wright & Nutt, 2021) and the Theranos scandal (Jennings, 2022) illustrate how autocratic decisions can destroy billion-dollar enterprises.

Company X is a biotechnology startup led by Prof. X. The visionary leadership and leader-centered culture currently practiced by Prof. X are common approaches among startups for several strategic reasons. This approach is considered effective in the early stages of development, as it allows for fast decision-making, enabling a dynamic response to market demands while ensuring consistency and efficiency in pursuing the company's vision. Prof. X's track record and charisma in the biotech sector also serve to attract investors, further supporting this leadership model.

Prof. X makes all the key decisions and sets the company's strategic direction, mainly due to the gap in experience and expertise between himself and other executives and subordinates. While this approach remains effective in the short term, it requires the development of a more structured system in line with the company's growth.

Dependence on Prof. X as a visionary leader could become a double-edged sword as the company scales, potentially hindering innovation, triggering succession crises, and damaging the company's reputation. According to Wasserman (2017), 67% of startups fail within two years after their founders leave. Therefore, it is crucial to adopt a balanced approach that maintains the benefits of visionary leadership while mitigating systemic risks that could threaten organizational sustainability. Long-lasting companies are those that successfully transition from individual-centered leadership to mature, distributed organizational systems.

## CONCLUSION

Visionary leadership, while a powerful catalyst for innovation, growth, and cultural cohesion, can also create organizational vulnerabilities when overdependence on a single leader undermines long-term sustainability. This study of Company X illustrates the dual

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impact of Prof. X's visionary leadership—his compelling vision and motivational influence have steered the company's early success, yet the leader-centric culture presents notable sustainability risks. To balance inspiration with resilience, the study recommends maintaining strong visionary leadership during the formative years while gradually developing governance systems, leadership succession programs, and effective information-sharing mechanisms. These measures can reduce dependency and support sustainable growth. The findings contribute to a nuanced understanding of how specific dimensions of visionary leadership intersect with sustainability challenges in biotechnology firms. For future research, broader quantitative studies and comparative analyses across diverse industries are suggested to test the generalizability of these dynamics and explore how varying levels of visionary leadership affect long-term organizational performance.

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