

At a time of financial crisis, the need to have confidence in institutions and leaders is even more important than usual, argues [Peter Blausten](#). Reliability, integrity and authenticity will be especially required of our business leaders.

CAN AUTHENTIC LEADERSHIP SURVIVE THE *DOWNTURN?*

The significance of leadership authenticity in enhancing team and individual performance has been widely debated. Bill George's work on authenticity suggested that its intrinsic elements are pursuing purpose with passion, practicing solid values, leading with heart, establishing enduring relationships and demonstrating self-discipline. He and other writers have found an interested audience in business leaders. Subsequently, corporations have included the theme of authentic leadership in executive and senior management development programmes, as well as on front-line manager development programmes.

As a result, there is now a greater expectation of personal commitment and "giving of oneself" in order to lead and enable teams. The quality of relationships is seen to be directly linked to the quality of leadership. Leadership development programmes encourage participants to understand themselves and their underlying motivations and then to consider the fit between the organization's purpose and their own. But when CEOs have to take difficult steps to protect their companies in a downturn, perceptions of fit and purpose can become distorted. CEOs will need to be aware of this at all levels of leadership.

Authenticity and leadership

A great deal of attention will undoubtedly be on the performance of senior executives in a downturn, but paying attention to leadership in the front line is *equally* important.

Why? Because, in the context of organizational citizenship, employer brands and so-called psychological employer-employee contracts, first-line leaders still have significant influence on most of a corporation's employees as well as on the fulfilment of customer expectations both at the point of sale and delivery.

The stakes will be higher for the ongoing credibility of corporate values and executive leadership should anything happen to undermine the conditions supporting trust and authenticity at the front line. The stakes are also high for the first-line managers themselves, who have been encouraged to create even closer personal connections with their team members.

I conducted a survey of human resource directors, asking them about the potential impact of deteriorating business conditions on first-line managers' relationships with their team members. My sample included 10 FTSE 100 companies across retail, telecoms, media, leisure, utilities and support services. These companies operate throughout the UK and internationally. HR directors were surveyed on the greatest challenges to authentic leadership on the front line in the next 18 months. Their opinions were also sought on how

critical behaviours and desired front-line relationships should be sustained in worsening business conditions.

Those surveyed reported that significant training and development programmes had been implemented over the last five years aimed at first-line managers' leadership behaviours. These included themes connected with authentic leadership. These themes linked back to their respective corporate values statements and the definitions of those values.

The effect of such training is to engage the first-line leader in a personal and individual way. This is coupled with a caveat that, without true belief in the values, authentic leadership of high-performing teams is unlikely to be achieved. The engagement of the individual's beliefs, rather than the more simplistic engagement of his/her services, is seen as a key differentiator in performance.

Respondents all said that focusing on the people-centred elements of leadership was being strongly stressed. Reasons cited ranged from teams requiring greater discretionary effort and customer responsiveness from individuals, to team members working remotely, enabled through technology. "Knowing" and "caring for" team members are two elements explicitly referred to by two respondents in their expectations of first-line managers. Other respondents expected varying levels of this kind of intimacy with team members.

For those anticipating that the downturn would have a higher impact on their businesses, the following range of possible expectations of first-line managers was quoted. Crucially, as one respondent put it, the following expectations had the potential to be seen as "unfair" by team members:

- Heavier management of absenteeism
- Tougher supervision of break times
- Allowing less choice in work allocation
- Requiring increased/decreased working time flexibility
- Tighter control of overtime
- Requiring increased work location flexibility
- More exacting team targets
- Tougher interpretation of performance standards
- Taking faster action on poor performance
- Expecting the same or more output with fewer resources
- Expecting higher quality with fewer resources
- Expecting higher performance in a climate of wage restraint
- Manpower reduction
- Managing the impact of a faster rate of staff turnover
- Tighter control/reduction in discretionary budgets



→ These issues become more contentious because managing consistently with the espoused corporate values becomes a more sophisticated skill.

For organizations that have been trying to embed a more inclusive and authentic leadership culture in the front line, one respondent expressed a concern shared as well by others: “People are not sure how this works in a downturn; it needs time to be engrained and see demonstrated; we need to show we really mean it.”

For most of the respondent organizations, first-line leadership training has included how to handle, for example, the tougher messages of performance management. For many, however, managing performance in highly volatile trading conditions, yet being seen to lead authentically, will require levels of capability and adeptness that take many years to build.

Authenticity under pressure

Respondents generally agreed that authentic leadership would be undermined if first-line managers were seen to be acting inconsistently with employees’ interpretations of corporate value statements. The dilemma for these managers, under greater pressure to achieve performance targets, is not how genuinely they feel about their own motives. As Rob Goffee and Gareth Jones point out in their work, while “the

As far as what should be done to safeguard authentic leadership in the front line in a downturn, all those interviewed were unanimous on two themes – the importance of communication and the need to be open and honest. Communication channels with first-line managers should be strengthened and not handled as routine. The use of team briefings, web-sites, emails and newssheets were all cited as current practice for communicating the performance of the business. Only two respondents mentioned recent examples of specific face-to-face communication sessions about business objectives and performance led by senior managers aimed at first-line managers.

Comments on openness ranged from “Be open, and tell it like it is. It’s not about liking it” to “Spend enough time with your front-line people; help them to understand the wider context and separate the noise from the reality”. Others recognized that the dilemmas facing front-line leaders required workshops on basic principles in the tougher environment. Such workshops include frames of reference for decision making, such as re-explaining commerciality (not just margin enhancement and sales but profitability) and providing the right framework to evaluate risk without losing a company’s innovative edge.

In terms of sustaining recognizable and symbolic behaviour, consistent with authenticity, one respondent replied, “Share the challenge with the

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expression of a ‘genuine self’ is necessary for great leadership authenticity, authenticity is largely defined by what other people see in you.”

First-line managers would therefore find themselves in an invidious position if they feel ill-equipped to reconcile the behaviours they were encouraged to master in the good times with the tougher expectations they may have to require of their team members. Their likely reactions may include the following:

- Doubting their own ability or skills to manage in the new circumstances
- Doubting the authenticity of those who gave them the tough targets
- Adopting expedient tactics that may be seen by their team members as inconsistent with authenticity
- Facing increasing concerns about their personal performance and job security
- Opting out and leaving

team and reach for an answer as part of an inclusive approach.” Another said, “Safeguard and develop skill sets. Make sure people feel they are growing. If we start doing u-turns, the best will leave us.”

However, a view was also expressed that employees’ expectations of authenticity and what was understood in corporate values statements would “self adjust”, as the harsh realities of job losses and profit warnings were reported in the media. In other words, there was a proposition that if employees “get it”, they would also “get on with it”.

Self-preservation?

From these survey results, we can see that the challenge to CEOs is that, if authentic leadership fails in a time of tough economic conditions, first-line managers will lose their belief in the values and mission espoused by their executives. Positive perceptions of the employer-employee psychological contract that executives had hitherto striven to build will suffer.

First-line managers are likely to respond by adopting their own coping behaviours and tactics inspired by a sense of self-preservation in the difficult conditions of a downturn. They may not be aligned with espoused management practices and behaviours and could convey a fragmented and inconsistent approach to employees.

To sustain authentic leadership from front-line managers, HR directors prescribe the following behaviours:

- Being honest and open, especially in communication
- Keeping first-line managers and their teams engaged in finding solutions
- Reviewing decision-making frames of reference, especially risk and innovation
- Keeping track of their expectations, as well as their teams'
- Being ready to challenge any u-turns in leadership behaviour at all levels

But, these behaviours alone are unlikely to be sufficient. Employees might well look at the tough external commercial environment and “get it, and get on with it”. But what they “get” and “get on with” is not a foregone conclusion.

Studies in workplace psychology and social exchange theory argue that management approaches need to take greater account of the variables created by interpersonal relationships and that authentic leadership arguably sensitizes team members to trust and closeness issues in their relationships at work, especially for those who feel less personally secure. Tougher management actions (as listed above) having an impact on individuals in the work group could be seen as relationship issues as much as management issues. This viewpoint makes the sophistication required of first-line managers even more demanding. HR directors will therefore also need to look more closely at the

individual support, coaching and retraining offered to first-line managers to see if they are sufficient, given the extent of the challenges in a downturn.

Relying on effective and honest communication on business realities may no longer be sufficient to sustain a culture of authentic leadership and credible corporate values. CEOs will need a deeper understanding of the impact of efficiency measures not only on short-term performance output, but also on social relations and value systems on the front line. That may sound a bit heavy for the busy CEO, but respondents have already noted the impact of these factors on consistent performance and customer satisfaction.

While it is possible that employees will self-adjust their expectations of the demands made on them in an economic downturn, CEOs cannot rely on the belief that their value statements will remain credible throughout and beyond the downturn without careful attention to the reception of messages and actions by first-line managers and their teams. ■

Resources

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