

Trust: it is all about leadership

Vlatka Hlupic provides advice on building trust through rethinking leadership in modern organisations

Leadership matters now more than ever. We live in a VUCA world, a world of constant change, unprecedented economic and social challenges, complexity, interconnectivity, continuous innovation and increasing competition. Conventional wisdom about leadership approaches and styles needs to be un-learned as it is not serving its purpose anymore – it is detrimental for adaptability to changes and innovation, and it does not create conditions for engagement and purposeful work in organisations. This approach helped to increase productivity and efficiency in a different context, but now it is becoming a liability.

According to a recent McKinsey study¹, organisations have been investing substantial resources in leadership development, but with disappointing results. US companies spend almost \$14 billion annually on leadership development. Universities worldwide offer hundreds if not thousands of degree courses on leadership, and some customised courses can cost more than £100,000 per participant. The 500 executives surveyed ranked their top three human-capital priorities, and leadership development was included as both a current and a future priority with two-thirds of the respondents identifying leadership development as their number-one concern.² In a survey conducted by Ashridge Business School³, only 7 per cent of senior managers think that their companies develop global leaders effectively. And at the same time, global figures for engagement show that only 13 per cent of employees are fully engaged, only 28 per cent of employees are purposeful at work, and less than 12.3 per cent of employees are passionate about their work.

Benefits of positive work cultures are proven. The American Psychological Association estimates that more than \$500 billion is lost by the US economy because of workplace stress⁴, 550 million workdays are lost each year due to stress on the job, and 80 per cent of workplace accidents are attributed to stress. In a large-scale study of over 3,000 employees conducted at Karolinska Institutet⁵, results showed a strong link between leadership behaviour and heart disease in employees, so bad bosses are literally bad for the heart!

In addition, disengagement is costly. According to research by Gallup⁶, disengaged workers had 37 per cent higher absenteeism, 49 per cent more accidents, 60 per cent more errors and defects. Organisations with low employee engagement scores experienced 18 per cent lower productivity, 16 per cent lower profitability, 37 per cent lower job growth, and 65 per cent lower share price over time. At the same time, businesses with highly engaged employees get 100 per cent more job applications, while stressful workplaces experience almost 50 per cent in voluntary turnover.

All this data shows that we have a problem! On one hand, we have inadequate leadership training and leadership practices. On the other hand, a vast majority of employees are disengaged, →

It is much more effective to give workers a sense of purpose, mastery, and autonomy over their time and their tasks



stressed, not purposeful at work and not passionate about the work they do. It is not easy to attract and retain top talent in organisations operating in disengaging environments with uninspiring leaders! The key strategy to close this gap is to implement a new style of leadership, termed as emergent leadership.

Individuals and organisations benefit from embracing an emergent leadership style based on a new mindset.⁷ In this approach, leaders strive to serve, to inspire others to find the purpose and calling in the work they do, to unleash their passion and creativity, and to use all internal resources and intrinsic motivation to provide exceptional service. They should also coach, mentor and provide enabling conditions for others to emerge as natural leaders and make decisions when they have most relevant knowledge to do so. Communication is a two-way process, not just from top to lower levels of organisational hierarchy.

Some of the key premises of a new leadership approach is that leaders should follow their inner voice instead of pursuing power, show

compassion for all stakeholders, including customers, employees, investors, partners, suppliers and communities they serve. They should do 'good' while they do well, have a strong sense of connectivity at all levels, make this world a better place and inspire others to do the same.

From traditional to emergent leadership

So, what does it mean in practice to move away from the traditional towards the new, emergent leadership style? Emergent leadership is defined as a new leadership approach that brings more innovation and profit through distribution of formal power and decision making, interaction through informal networks and experimentation and learning. The main underlying concepts are: that leadership is about facilitating and enabling rather than directing and controlling, and that more work is accomplished through learning by doing rather than by formal instruction. It also means encouraging experimenting and allowing good attempts (and tolerating mistakes) instead of

Table 1: A comparison between traditional and emergent leadership⁹

TRADITIONAL LEADERSHIP	EMERGENT LEADERSHIP
Traditional top-down leadership	Shared, distributed leadership, leadership as emergent collective action
Leaders lead by command and control	Leaders support autonomy, collaboration and self-organised communities of passion
Direction is provided by hierarchical leaders	Direction emerges from complex network activity
Key leadership traits: Being tough, controlling, analytical	Key leadership traits: Being inspirational, intuitive, co-operative, compassionate
Leaders provide centralised direction	Dispersed visions are supported
Leaders control around core strategic vision	Control is dispersed around complex interactions amongst employees, actions are guided by a shared vision
Change is an incremental movement, led by a formal leader	Change is created by the movement that emerges from interactive dynamics
Centralised co-ordination for alignment with strategic direction	Decentralised co-ordination of adaptive functions to encourage emergence and innovation
Reliance on best practices and total control	Embracing exploration, experimentation and trial and error
Supporting unified views	Encouraging creativity from differences
Influencing directly	Influencing indirectly through empowerment and inspiration
Implementing comprehensive change programmes	Enabling emergent conditions for change
Delegating tasks	Delegating responsibilities
Leading for following rules and regulations	Leading for pursuing passion and values
Centralised decision making on the basis of a formal position in organisational hierarchy	Decentralised decision making on the basis of knowledge, decisions emerge through interactions
Leading based on fear and obedience	Leading based on inspiring initiative and creativity
Leading based on information control	Leading based on trust and transparency
Leaders support reward mechanisms based on formal positions	Leaders support reward mechanisms based on contribution / meritocracy
Leaders lead for the pursuit of profit	Leaders lead for the pursuit of purpose
Power is concentrated at the top of an organisation	Power is distributed
Employees give allegiance to formal leaders	Employees give allegiance to values, principles and code of conduct
People are led as objects that help profit maximisation	People are led as individuals that help organisation achieve its higher purpose
Giving information and directions without justification or buy-in	Sharing detailed information and getting feedback and buy-in
Delegating and blaming when things do not go well	Leading by encouraging everyone to be a leader
Focusing on the left brain analysis for decision making	Using whole brain thinking and intuition for decision making
Emotionally disconnected leaders	Utilising social/emotional intelligence
Stable power positions	Respecting employees, seeing everyone as equal
Performance monitoring and evaluation	Energising employees through inspiring great performance
Formalisation of sources of innovation	Enabling interactions for emergence of creativity and innovation
Imposing rigid procedures, rules and regulations	Allowing flexibility with procedures, rules and regulations

target setting, planning and controlling – this leads to more innovation and better performance. This approach is also about creating new knowledge by sharing information across functional boundaries

and interacting across networks. Trusting that people will do the right things instead of controlling their behaviour and imposing decisions on them unleashes their full potential that will →

Emergent leadership needs to be an integral part of a talent strategy and overall organisational strategy

lead to more profits.

When an emergent leadership culture is implemented, employees are intrinsically motivated to perform well, a strong team culture is developed, and levels of stress and absenteeism are reduced.⁸ What does this mean to leaders? By giving away formal power, leaders will get more power back, as more will be achieved with less effort. This will make the leader's life easier with less stress and burnout. Most importantly, leaders will develop more motivated, innovative, and energised employees and retain the key talent. Table 1 shows a comparison between traditional and emergent leadership.

Table 1: A comparison between traditional and emergent leadership⁹

Emergent leadership is not about delegating tasks and monitoring results; it is about imbuing the entire workforce with a sense of responsibility for the business. Emergent leadership is living, distributive and communicative. It focuses on questions rather than answers.

Knowledge workers and millennials

Knowledge workers have special requirements, needs and aspirations and they share certain characteristics. They are highly skilled, intrinsically motivated, they do not want to be led and ignore corporate hierarchy.¹⁰ They should be treated as associates or partners rather than as subordinates, and they need an organisational culture where authority is based on knowledge, not on formal power.¹¹ They have high mobility and they need to have responsibility for their own productivity, they have to manage themselves, have autonomy, and they learn fast. In *The Drive: The Surprising Truth About What Motivates Us*, Daniel Pink argues that in an economy driven by ideas and creativity, financial incentives are no longer enough.¹² Drawing on four decades of scientific research on human motivation, Pink demonstrates the mismatch between the evidence and much businesses practice. While carrots and sticks

worked successfully in the 20th century that is the wrong way to motivate people for today's challenges. It is much more effective to give workers a sense of purpose, mastery and autonomy over their time and their tasks. This is explained by our deeply human need to own our lives, to learn and create new things, and to do better by ourselves and the world.

Millennials have similar needs in the workplace as knowledge workers.¹³ They want entrepreneurial culture, purpose, trust, flexibility, feedback and coaching. They are technologically savvy and, like knowledge workers, they do not like outdated hierarchies. As the young generation will form a majority of the workforce in the next decade, organisations need to prepare to attract them, lead them and keep them. And in order to do that, they need to adopt emergent leadership approaches, not traditional ones and build a culture of trust and transparency. Emergent leadership needs to be an integral part of a talent strategy and overall organisational strategy. Only then, organisations will be able to survive and thrive in the VUCA world. **TJ**

References

- 1 <http://bit.ly/1r6RqBL>
- 2 *The State of Human Capital 2012 – False Summit: Why the Human Capital Function Still Has Far to Go*, a joint report from The Conference Board and McKinsey, October 2012.
- 3 Matthew Gitsham et al., *Developing the Global Leader of Tomorrow*, Ashridge Business School, July 2009
- 4 <http://bit.ly/1WzIEJs>
- 5 <http://bit.ly/1VuBiWO>
- 6 <http://bit.ly/1YBu15x>
- 7 Hlupic, V. *The Management Shift - How to Harness the Power of People and Transform Your Organization for Sustainable Success*, Palgrave Macmillan, October 2014
- 8 Hlupic, V. "Supporting Innovation Through Emergent Leadership," *Strategy Magazine*, October 2010, Issue 25, p.20-23.
- 9 Op cit *The Management Shift*
- 10 Goffee, R., Jones, G. "Leading clever people," *Harvard Business Review*, March 2007, 72-79.
- 11 Plowman, D., Baker, L.T., Beck, T., Kulkarni, M., Solansky, S. and Travis D. "The role of leadership in emergent, self-organization." *Leadership Quarterly*, August 2007, 341-356.
- 12 Pink, D. *Drive: The Surprising Truth What Motivates Us*, 2009.
- 13 <http://onforb.es/1SKUH9c>

Vlatka Hlupic

is the author of *The Management Shift* and a Professor of Business and Management at the University of Westminster. To find out more visit www.vlatkahlupic.com

Copyright of Training Journal is the property of Fenman Ltd. and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.