

LEADING FOR ENGAGEMENT AND PERFORMANCE

EAWOP WORKLAB 2012

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Abstract

This article aims to open up a discussion on the role of leadership in organizations based on the contribution of Professor Beverly Alimo-Metcalfe at the first EAWOP WorkLab held in October 2012 in Helsinki. In this article, I examine some current organizational and leadership challenges, introduce the concept of engaging leadership and discuss its role in creating and embedding an organizational culture of engagement and high performance. I will conclude with some nudges for leaders interested in developing their leadership capabilities.

Introduction

The first EAWOP WorkLab held in October 2012 in Helsinki was successful in bringing together a mix of practitioners and scientists interested in furthering their understanding of the current state of the art on leadership and decision-making in organizations. The talk of Professor Beverly Alimo-Metcalfe on engaging leadership was timely given the ever-

increasing challenges organizations are facing in the currently volatile economic environment. In this article I will examine some current organizational and leadership challenges, introduce the concept of engaging leadership, and, discuss its role in creating and embedding a culture of engagement and high performance. I will conclude with some nudges for leaders interested in developing their leadership capabilities.

Organizational and leadership challenges

In the current economic environment mired by uncertainty, organizations are faced with ever more complex challenges that many are poorly equipped to handle. Judging by the popularity of news articles, blogs and tweets on leadership, it appears that, at least in popular opinion, leadership is seen as being instrumental in helping organizations deal with such challenges. Research on leadership tends to confirm that leaders play a disproportionate role in shaping the course of their organizations (e.g., Bono & Judge, 2004; Yukl, 2009). But what are some of these challenges that organizations are dealing with and how does leadership come into play?

Some typical examples of organizational challenges would be: a) finding ways to accelerate the rate of innovation to capture or create a greater market share in

an environment where competition is relentless; b) finding ways to deal with disruptive technologies; c) creating new business models; and d) crafting and implementing strategies that will ensure the organization's long-term survival and profitability. Adding to these challenges is the fact that many organizations have seen their revenue shrinking. To cut costs, some have chosen massive restructuring programmes, while others have implemented a hiring stop, and yet many others have cut budgets for everything ranging from the procurement of new IT systems to employee development programmes. In short, a large number of companies feel pressured to maintain or increase effectiveness with a dwindling amount of resources. That is, they need to do more with less.

Adapting to these challenges does, however, intensify the already existing pressures on employees and leaders alike. Employees are faced with increasing workloads, changing job-demands, increased job uncertainty and a need to innovate and react speedily to change. These added pressures are bound to undoubtedly take a toll on their motivation, well-being and ultimately performance. For instance, the Global Workforce Study 2012, performed by Towers Watson among 32,000 employees across 30 countries, provides a strong argument for the link between engagement and organizational performance. One of the main conclusions of the study was that: "When engagement starts to decline, companies become vulnerable not only to a measurable drop in productivity, but also to poorer customer service and greater rates of absenteeism and turnover"(2012 Global

Workforce Study, p. 5). More importantly, in a separate analysis of 50 global companies, Towers Watson found that companies with low engagement scores had an average one-year operating margin just under 10%, whereas those with high "sustainable engagement" scores had an average one-year operating margin of 27%. These results are nothing short of staggering. Moreover, they mirror a state of affairs we have more than once encountered in our own work. For instance, a medium-sized manufacturing company, we were working with, was dealing with increasing quality problems in its products. In the months prior to these problems occurring, the company had laid-off part of its workforce and had increased the working hours of the remaining staff. Upon talking to a number of employees, it turned out that they felt disillusioned and disengaged from their jobs. One of the most common complaints centered around the increasing amount of stress on the job and the fact that their direct supervisors did not seem to acknowledge, let alone, show appreciation for good performance; focusing instead only on the mistakes that had been made. It should come as no surprise that individual performance did indeed suffer.

As a result, leaders face the critical task of increasing effectiveness, while at the same time sustaining employee motivation, maintaining well-being and creating the conditions necessary for innovation and collective learning (e.g., Yukl, 2009). In other words, leaders need to be able to find the sweet spot that allows them to get more out of their staff, while at the same time, not damaging motivation or employee well-being.

Unfortunately, many organizations seem to pursue increased effectiveness at the cost of employee motivation and well-being. Whereas this strategy may deliver short-term results, it will also ensure that these benefits are short-lived and, in fact, will wreak havoc in the long-term. To this end, research has clearly demonstrated that employee well-being is positively related to commitment (Ryan & Deci, 2006), creativity and performance (Ilies, Morgeson, & Nahrgang, 2005), and negatively related to absenteeism, and turnover (Wright & Bonnett, 2007).

This current gloomy state of affairs raises serious questions about the nature of leadership and the management of human capital in organizations. I believe that there are ways in which organizations can build leadership capacity that would enable them to craft a work-environment in which employees not only perform better but also experience higher levels of engagement and well-being. In the next section I will briefly introduce the concept of engaging leadership and discuss its role in creating organizational cultures that drive engagement and performance.

Engaging leadership

Over the past decade, an increasing number of leadership researchers (e.g., Mintzberg, 1999; Tourish & Vatcha, 2005) have started to question the effectiveness of 'established' leadership models such as those espoused by theories of transformational/charismatic and transactional leadership. One of the main points of criticism has rested on the passive role afforded to followers in these models. As such, followers have tended

to be seen as relatively powerless pawns on a stage where leaders pulled all the strings.

In contrast, more recent theories of leadership such as servant-leadership (e.g., Nuijten, 2009) and engaging leadership (e.g., Alimo-Metcalfe & Alban-Metcalfe, 2001) have shifted the focus from the leader as distant hero to conceptualising leadership as a dynamic, collective process where influence and learning happen bi-directionally. Importantly, in these models, leadership is intimately tied to learning and growth for the individuals involved (i.e., leaders and followers) as well as for the organization at large (e.g., Fletcher, 2004).

One of the central tenets of these newer leadership models is that engagement is crucial for performance. Whereas this may sound mundane to most practitioners, up until recently, leadership research has been lagging in empirically establishing this link between engagement and performance. More importantly, recent research has shown that the fundamental requirement for engagement is meaningful work (e.g., Amabile & Kramer, 2011). That is, people that find their work to be meaningful and see themselves making progress in their work tend to be more engaged and as a result tend to perform better.

Hence, one of the primary functions of the leader is to help employees find meaning in their work and assist them on their path to becoming better at their jobs and to grow as individuals. An equally important point that tends to often be overlooked is that leaders should 'first do no harm'. In this context, it means that leaders should refrain from (inadvertently) stripping work

of its meaning. For instance, managers that ignore employee suggestions or ideas, micro-manage, provide controlling feedback or fail to keep people informed about important changes, are reducing employee influence and reduce meaning, thereby negatively influencing performance (e.g., Amabile & Kramer, 2011).

According to Alimo-Metcalfe and Alban-Metcalfe (2002; 2003) there are three key principles to engaging leadership that help leaders imbue work with meaning and thereby, promote employee engagement. First, the focus is no longer on the leader being the heroic figure that saves the day, but rather on the leader enabling others to develop and display leadership themselves. Engaging types of leaders are open, transparent individuals that dare to be humble and vulnerable. In short, leaders are seen as both servants and partners (e.g., Nuijten, 2009). Second, leadership is seen as a social process that is distributed. The dominant theme is one of collaboration, team-based working and connectedness. Engaging leaders are those that are able to connect people and ideas through a shared vision and that empower others to execute this vision. This requires that leaders are willing and able to see the world through the eyes of others and are willing and able to take on board others' ideas and concerns. In short, they listen to others and include others' concerns in their decision-making. Third, engaging leaders encourage others to challenge the status quo and ensure that an environment is created in which these mavericks are valued and their ideas are taken into account. Hence, they serve as role-models in building a culture that supports

learning and development. This is a culture in which failure is not a dirty word as long as people learn from their mistakes. This is also a culture in which innovation and entrepreneurialism are desired and valued.

Importantly, empirical evidence suggests that engaging leader behaviours not only have a positive effect on employee morale and well-being, but also on long-term employee productivity (e.g., Alimo-Metcalfe et al., 2007). Therefore, being humble, listening to others and helping others develop, does not only pay off in terms of so-called soft factors such as engagement and well-being, but also in terms of actual performance.

Nudges for developing leadership capabilities

As a leader interested in developing your leadership capabilities what are some of the things you can do? Below I will list some questions that you can use to gauge your leadership behaviors against the framework of engaging leadership.

- In how far am I really listening to my employees? (e.g., do I understand their point of view?)
- Am I really as accessible as I think I am? (e.g., is my office door open; when people come into my office do I keep glancing at my computer screen or do I really engage in a conversation?)
- In how far do I help my employees learn and develop on the job? (e.g., do I provide them opportunities for growth; do I ensure that they have the resources necessary to do their jobs?)
- In how far do I really encourage dissent? (e.g., how do I deal with people that disagree with me; do I follow up on ideas provided by others?)

- In how far am I honest and open? (e.g., can I honestly admit mistakes and vulnerabilities?)

Organizations that invest in developing engaging leaders who are focused not only on the short-term bottom-line but also on the long-term development of their employees are better positioned to craft high-performance work environments that not only spur financial growth but also imbue work with meaning. This in turn, can help them successfully weather current challenges and be better prepared for any challenges the future may bring.

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