

Giving wings to your leadership style

Here are six touchstones for being a transformational leader, able to bring about organizational change based on humanistic values.



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Managers can sometimes find themselves pressured to behave in ways that place money

over people, as this manager of a large U.S. financial services firm attests.

“I have worked for firms that have been publicly cited for having ethical lapses, poor management judgment and regulatory problems. As I moved up the ranks, I stuck to my guns on how I wanted to treat people, especially the people whom I was supervising. There’s an awful lot of pressure not to do that, to do what’s in the company’s interest rather than balance the two. I really hold firm on balancing the two and having a high level of honesty and integrity, especially with the people I manage. I think treating people well, and being a high integrity person, is a (success) strategy.”

Not everyone agrees. Today, many people are tasked with ambitious business goals that can only be achieved, it seems, by ignoring humanistic values. Managing people is reduced to setting targets and giving orders. Helping people to develop, personally and professionally, is neglected. In worst cases, people’s dignity may be violated. However expedient it may appear at the time, this style of leadership comes at a high price in the long term.

Research shows that being a person of high integrity, who communicates values and who treats employees with respect and dignity, more often achieves lasting success.

In recent years, leadership scholars have introduced a number of terms to capture the idea of this type of leader. They include “humanistic,” “ethically oriented” and “moral.” Lately, the term “transformational leader” has come to dominate research in the field.

Although the scope of these concepts may vary, they have a number of core components in common, characterized by a sincere concern for others, the communication of certain principles and a focus on providing role models.

What does this mean in practice? How can these concepts be implemented in today’s business environment, especially when, as the previous manager testifies, there is an awful lot of pressure not to do so?

What is humanistic leadership?

Ask most managers what makes a business successful and they will point to a culture of innovation and creativity, an entrepreneurial mindset and customer orientation.

But becoming a center of excellence requires something more: leadership that cultivates an organizational culture marked by curiosity and critical thinking, constructive conflict and

constant problem-solving.

These cultures have long been present in the humanistic teachings of many philosophers, including Immanuel Kant, Karl Popper and Gotthold Ephraim Lessing, among others.

Kant, for example, stressed a person's ability to think autonomously, in order to free them from immaturity and dependence. In parallel with this thinking, successful modern-day organizations recognize that employees must be treated in a way that encourages their autonomy and critical thinking.

Popper emphasized that progress only happens when mistakes are seen as learning opportunities. With a mistakes-as-learning approach, errors are not ignored or hidden. Instead, they are embraced as a chance to identify better solutions in the future.

If curiosity and critical thinking are the cornerstones of progress, then managers have to facilitate curiosity and encourage employees to ask questions beyond their specific areas of responsibility. No question is out of bounds. While business leaders might decide not to answer all questions, they at least have to provide the rationale for their behavior.

Similarly, based on Popper's view that progress is only achieved by means of exchanging opinions, organizations should not try to avoid conflict. Instead, they should embrace it and use it in a constructive manner. This requires having tolerance for different opinions and approaches to solving problems.

Lessing called for this type of tolerance more than two centuries ago, when he insisted that all three monotheistic religions should try to learn from one another, rather than incite conflict.

When applied to modern management, this mindset involves embracing diversity in all its forms, including talent, culture, background and nationality. Conflicting views should be regarded as sources of improvement and innovation. They should meet in a critical yet constructive atmosphere, which nurtures the exchange of arguments across hierarchical levels.

If one applies the ideas from Popper's final book, [*All Life is Problem Solving*](#), to business organizations, one can argue that all management is finding solutions to problems. For managers to be successful, especially under conditions of uncertainty and constant change, they must empower employees to become problem-solvers themselves.

In this way, people can be inspired to think outside the box and approach problems from new angles; they can be coached to achieve new levels of personal and professional mastery.

Creating these kinds of humanistic organizations requires a certain leadership style, which meets the fundamental needs of employees and enables them to bring their full selves to work. It affirms human dignity. Employee performance is recognized and rewarded. Employee development, both personal and professional, is facilitated.

Not doing so, or violating people's dignity, diminishes employees' ability to work under pressure and limits their performance. Neglecting to live according to previously articulated values leads to employee withdrawal and cynicism.

Here are six widely accepted touchstones for being a humanistic leader and for creating a more humanistic and successful organization.

1. Be aware of your responsibility

As a manager, you carry responsibility. But your responsibility is not only for the people you manage. It extends to the treatment of clients, suppliers, the local community and the environment through the sustainable use of natural resources.

Of course, there may be situations in which reconciling your business interests and the interests of these different stakeholder groups is impossible. Even so, you have to be aware of these conflicting interests and the long-term costs of violating them, and then endeavor to make decisions that can be regarded as fair.

2. Say which values you stand for and behave accordingly

Which values do you stand for as a leader? What do you want people to say about you? What do you want to be known or remembered for? Questions like these might help you to become aware of the values you stand for. Do you have the guts to stand up for your values, even under pressure?

Whatever your core values are, make sure they are consistent with each other, that you communicate them clearly and that your behavior is consistent with them. Only then will people place their trust in you and devote their full selves to you as their leader.

3. Provide meaning and vision

Human beings yearn for meaning. Meaningful work often counts for more than pay or status.

Do you ever talk about meaning with your employees? Do they know what the vision is for your organization and their department? Do they know how their daily work connects with this larger vision? Have you communicated a vision that describes an attractive future state or did you just say you wanted to increase profits or cut costs by X% this year?

4. Be fair

Fairness isn't a big thing; it is actually four big things:

- First, there is *distributive fairness*: Did you distribute outcomes in a way that reflects each employee's contribution? Or were the outcomes distributed equally among your team members?
- As a manager, you often have limited resources and cannot always achieve distributive fairness, so you must also strive to achieve *procedural fairness*. This is concerned with the process, not the outcome. In other words, are the rules by which the resources are distributed fair? Do your team members know what the rationale underlying the distribution of outcomes was, and do they regard it as fair? Furthermore, procedural fairness means that, even if you cannot directly involve your team members in the decision-making process, you grant them voice, i.e., the opportunity to express their opinions and be heard.
- Third, be sure to show *informational fairness*. Communicate the bad news as well as the good. Inform your employees above and beyond the scope of their work, and provide predictability, especially in times of change. People have to be convinced that they were informed authentically, honestly and comprehensively, otherwise they will react with distrust, resistance or even deviance.
- Finally, be fair on an *interpersonal* level. Treat all people with integrity and respect, regardless of their positions. When you criticize, be tough on the issue but soft on the person. Do not humiliate others or violate their human dignity.

5. Allow personal growth and self-realization

Personal growth is a fundamental concern of human beings. Applied to organizations, it means that employees do not always want to simply fulfill goals. They also want to develop

their competencies; they want to develop professionally and personally.

As a manager, you are challenged to provide individualized consideration and support, and to act as a mentor and coach.

Do you know your employees' skills, interests and goals? Have you ever asked them what they want to learn, and how you could help them to develop? Do you consider your team members' different aspirations when distributing work? Do you provide opportunities for personal growth and self-realization in the tasks that you delegate?

6. Be a role model

Managers also have to be keenly aware of their own function as a role model. When they act as good role models, employees are more involved and dedicated over the long term.

Moreover, leaders who are self-aware, who present their authentic selves at work and who interpret data as objectively as possible before making decisions are most able to gain followers. To be an effective role model, you have to know your values and live accordingly.

Walk the talk when it matters most

These principles are particularly important when implementing changes. Despite their best efforts, managers often run up against resistance to change from employees, for reasons that include feelings of uncertainty, fear of failure and disruption in sense-making, resulting in a loss of control.

The good news is that, by employing a few well-directed actions based on the previously described principles, managers can reduce these barriers and win their employees' support.

Let's explore the various actions that managers can take to implement changes in a humanistic and lastingly successful way.

PRINCIPLE	BEING A HUMANISTIC LEADER	PUTTING IT INTO PRACTICE
1 RESPON-SIBILITY	- Do you show consideration for those who depend on you? - In decision making, do you consider the effect on others?	- Be open, honest and reliable in all decisions and behavior - Give constructive feedback - Do not betray the trust that employees have put in you - Allow bottom-up feedback channels
2 COMMUNI-CATION	- What values do you stand for? - Have you stated them clearly? - Is your behavior consistent with them? - Do you stand up for them, even under pressure?	- Pay close attention to your change communication, both in what you say and how you say it - Be sure to communicate over and over again, in a timely and persuasive manner
3 VISION	- Do you talk about meaning with your employees? - Do they know what the vision is for your organization and their department? - Do they know how their daily work connects with this larger vision?	- Paint an appealing picture of the direction in which the journey is going - Offer an inspiring vision of the future - Enable employees to proactively carry out tasks that go beyond their basic job descriptions - Give employees a sense of contributing toward a greater goal
4 FAIRNESS	- Do you distribute outcomes in a way that reflects each employee's contribution? - Are the rules by which the resources are distributed fair? - Were people informed authentically, honestly and comprehensively? - Are all people treated with integrity and respect, regardless of their positions?	- Distribute the downsides equally - Apply results consistently and comprehensibly - Show appropriate and respectful treatment - Offer clear explanations - Inform employees in a timely, candid and thorough manner - Treat everyone with dignity and respect
5 GROWTH	- Do you know your employees' skills, interests and goals? - Have you asked them what they want to learn, and how you could help them to develop? - Do you consider your team members' different aspirations when distributing work? - Do you provide opportunities for personal growth and self-realization in the tasks that you delegate?	- Involve employees in the change process - Support their efforts - Nurture a mistakes-as-learning-opportunity culture
6 ROLE MODEL	- Do you act with awareness that others are watching you? - Do you present your authentic self at work? - Do you interpret data as objectively as possible before making decisions?	- Practice what you preach - Make sure you have people who challenge your opinions and give you honest feedback - Do not ask more of your employees than you do of yourself - Be willing to take the hardest step or make the greatest sacrifice

Ramp up trust

Change is not a smooth, linear process, but a rather messy one. Information may be lacking or incomplete. Mistakes occur due to a break in established routines. Employees are susceptible to rumors and distractions.

In such situations, even more so than usual, people tend to follow a leader whom they trust more willingly than a leader whose motives they cannot be sure of. So, a trustful relationship between leaders and employees is a powerful predictor of employees' commitment to change. Employees feel more obliged to obey a leader whom they trust, and they are less likely to experience a loss of control when they perceive their leader to be predictable and honest.

Building trust involves being open, honest and reliable in all decisions and behavior, as well as walking the talk as a good role model, particularly in times of change. Constructive feedback is a vital part of this process.

Communicate persuasively

Communication is a powerful way to reduce uncertainty and build trust. Therefore, managers are well-advised to pay close attention to their change communication, both the messages and the processes.

With regard to the change messages, there are five critical ideas to bear in mind when trying to convince people to change:

- It must be clear that there is an actual need for change because of a marked discrepancy between the actual situation and the situation as it should be (the vision).
- Arguments need to be made as to why the required change is the most promising one (appropriateness).
- People are more willing to change when they are sure that the change can be successfully accomplished (efficacy).
- It is helpful to communicate, and actually demonstrate, that the change is supported from above (principal support). This means that it is crucial for the leadership team to speak with one voice.
- People are more likely to actively support change processes and get involved when they see a personal benefit.

The ideal change message contains all five elements. Note that communication does not have to only stress positive aspects. Being honest about negative consequences reduces uncertainty for employees, which is also vital.

When thinking about a good change communication process, remember that employees are

confronted with a barrage of information. A typical mistake is to communicate only once, in a circular email, for example, and expect everyone to be sufficiently informed. When thrown in with all the other information that employees receive on a daily basis, your communication is likely to get lost. That is why key messages must be communicated over and over again, in a timely and persuasive manner.

Articulate the vision

Particularly in situations of uncertainty, you have to paint an appealing picture of the direction in which the journey is going. Offering such an inspiring vision of the future not only shapes employees' understanding of the situation but also motivates them to help realize the change.

Research shows that a leader's vision can trigger change-oriented behavior in employees, especially when employees are open to change in their work roles and are high in "role-breadth self-efficacy." This refers to employees' perceived ability to proactively carry out tasks that go beyond their basic job descriptions.

Having a vision, and articulating it effectively, makes people feel their jobs are meaningful, and it gives them a sense of contributing toward a greater goal.

Instill fairness

As explained earlier, being treated fairly is a basic human need. In change situations, people are particularly sensitive to the fairness of decisions being made and the way in which they are treated.

Unfairness is likely to result in resistance, lower productivity and even sabotage of the change process.

How can you make sure that employees feel treated in a fair manner? The answer comes back to the four components of fairness mentioned earlier, namely distributive, procedural, informational and interpersonal fairness.

Is the workload, and are the downsides of the change process, distributed equally among all employees? Since fair distribution cannot always be achieved, particularly during the change process, implementing the other three types of fairness is even more important: explaining the process by which certain decisions were made, in a consistent and comprehensible

manner; showing appropriate and respectful treatment at all times; and offering the clearest possible explanations.

In this, the previous advice on persuasive communication is central. Make sure that you inform employees in a timely, candid and thorough manner. Whenever you interact with them, treat them with dignity and respect.

Encourage participation and offer support

Letting employees participate in the change process helps them to regain control over the situation and fosters identification with the results, which helps to make the change last.

Also, being part of the process from an early stage encourages employees to acquire the necessary skills, which reduces fear of failure due to the change.

Of course, it is vital to support employees, as well as change agents, in overcoming obstacles during the process.

When seeking to nurture the mistakes-as-learning-opportunity culture that Popper argued for, managers can use a range of techniques, including:

- **List deficits.** Employees carry notepads and list complaints, grievances and inefficiencies, which are later addressed in meetings.
- **Use pinboards.** Suggestions for improvements are placed on a central pinboard that is open to everyone.
- **Reflect.** Following a project, employees should be encouraged to reflect on things that went well and things that did not. When applying this technique, positive aspects of the project should be addressed first.
- **Ask why?** Toyota employs this method: When mistakes happen, employees use five consecutive “why” questions to understand the root causes of a mistake. It starts by writing down your perceived business problem and asking why that problem happens. Take your answer and ask why that happens. Keep doing this for five times until you arrive at the true source of your trouble and not the various layers of symptoms that may be distracting you from dealing with the root.

Practice what you preach

As pointed out earlier, becoming a role model involves having a sense of your own values and then living in alignment with them. Put simply, you have to practice what you preach.

Admittedly, this is particularly hard to do in change situations, when you will likely be challenged, both as a manager and as an individual. Many things are probably as uncertain for you as they are for your employees, and your workload will no doubt be heavier.

Yet this is the exact moment when people care most about their leaders. This is your opportunity to become a real role model for your team. This requires taking the lead, being willing to take the hardest step and making the greatest sacrifice. Do not ask more of your employees than you do of yourself. Ask people to challenge your opinions and to give you honest feedback.

Other change management models employ steps and stages, promising successful change. But these principles are markedly different from other change management models because they address the human side of change.

Moreover, leaders who apply a style that takes human needs into account, such as transformational leadership, achieve superior economic results.

Values are economically valuable

A humanistic management approach not only facilitates change in turbulent environments, it also pays off economically, as research has shown.

Among leadership styles with an ethical or humanistic orientation, transformational leadership theory has gained the most prominent role in the field. Since 1990, more studies have been carried out on this area of leadership than all the other popular theories combined.

Here is a look at several important studies.

In a pioneering study, Jane Howell and Bruce Avolio analyzed the impact of transformational leadership on the economic performance of business units within a major Canadian financial institution. Their study looked at 78 managers working in the four top levels of the organization. The managers' subordinates, or followers, were asked to assess the managers'

leadership styles and the extent to which innovation was fostered in their unit.

One year later, researchers went back and measured how well the managers had achieved their goals for the year. The goals encompassed areas such as productivity improvement, operating expense budget and premium income.

The study showed that transformational leadership was a significant predictor in the economic performance of each of the units. Transactional leadership, on the other hand, was linked with negative economic performance.

Another study looked at the impact of transformational leadership on 477 sales agents at a leading insurance company in the United States. Scott MacKenzie, Philip Podsakoff and Gregory Rich recorded how agents rated their leaders and their own role ambiguity.

Six months later, key performance indicators such as commissions, number of policies sold and percentage of sales quota attained were measured. Results of the study indicated that transformational leadership had a major positive impact on sales performance.

Yet another research project looked at a large public transportation company in Germany. Employees of 45 branches of the firm were asked to give feedback on the leadership approach of branch heads. This information was compared with branch performance, which was measured by year-end profitability.

Again, the study showed a clear connection between transformational leadership and subjective as well as objective performance.

Other research projects have sought to measure the relationship between CEO transformational leadership and economic success.

A study conducted in the Netherlands, led by Annebel de Hoogh, examined leaders of small- and medium-sized firms. Half of the leaders were firm owners, while the other half were managing directors. Organizational performance was based on three areas: liquidity, solvency and profitability.

Analyses carried out over a two-year time period revealed a positive correlation between transformational leadership and profitability, but no significant link with liquidity or solvency.

Why isn't there a link with liquidity or solvency? One explanation is that transformational leadership actually compels people to make an effort and do more at work with the same resources. This, in turn, leads to profitability, but not necessarily liquidity or solvency.

In fact, transformational CEOs may be more likely to take on new debt to seek new business opportunities, since seizing new opportunities is a characteristic of the transformational management approach. This, in turn, affects liquidity and solvency in the short term.

Interestingly, transformational leadership appeared to play a greater role in profitability for owners than for the managing directors.

Training to enhance transformational leadership can have a major impact on financial performance. This was demonstrated by researchers Julian Barling, Tom Weber and Kevin Kelloway, who wanted to find out if training managers of a leading Canadian bank would impact follower commitment as well as the economic success of the bank's branches.

Branch managers participated in a group training session, where transformational leadership concepts were presented and the managers did role-play exercises. This was followed by coaching sessions to provide additional support as the managers sought to implement the new techniques. Managers were evaluated on their leadership style two weeks before the training and five months afterward. Indicators for the managers' branches, such as the number of personal loan sales and number of credit card sales, were measured.

The study revealed that the branches led by trained managers were more economically successful. In addition, they had earned higher levels of commitment from their followers.

Overall, these studies show that transformational leadership principles can have a tangible impact on economic performance. They also highlight how the principles discussed in this article help attain success at all levels — individual, business unit and organizational.

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