

To restore market confidence, we need leadership

After five years of economic crisis, if companies hope to emerge in better shape than before, they need ethical values to restore confidence.

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There is no longer any such thing as job security: Where once a worker could expect to ride out his or her career in the same job for life, now the average job tenure of a worker, in Spain at least, is less than five years.

Companies must take the lead and fashion a new social contract that is inclusive, sustainable, fair and balanced.

A [report](#) by Pilar García Lombardía, under the guidance of IESE's [J.R. Pin](#), identifies the elements that are key to people management when it comes to economic recovery.

The report, carried out in conjunction with Grupo Persona Metaplacement, is based on dialogues with HR directors around four factors: labor market confidence; efficiency and productivity; ethical values; and leadership.

Restoring labor market confidence

The labor market is suffering, not only in terms of the number of people unemployed, but also through a general loss of confidence in the system itself. As such, all stakeholders must work together to rebuild labor market confidence, so that stable, high-quality jobs can be created.

Business leaders are the only ones in a position to do this, but they must be enabled to, want

to and know how to do it. The situation can be improved by:

- enhancing personal, not just professional, dealings among organizational members.
- establishing clear and sincere relations with employees, to earn credibility.
- supporting those who must leave their jobs — encouraging outplacement, working with job placement services and
- supporting clauses in future labor reforms that ease the impact of layoffs.

Maximizing efficiency & productivity

As well as restoring confidence, businesses need to restore efficiency and productivity. Given that competitiveness depends on a company's ability to innovate and adapt to changing market conditions, businesses must look after their talent and support entrepreneurial effort by:

- encouraging a positive atmosphere throughout the organization that is not so much optimistic as it is proactive.
- letting people take the initiative and assume greater responsibilities.
- monitoring personal relationships through coaching programs and feedback systems.
- promoting the efficient management of resources, using systems such as lean or total quality management.

Embracing ethical values

Even with all the best organizational processes in the world, companies will still fail to be competitive if they lack ethical behavior, rooted in a sense of justice, fairness and practicing what they preach. Managers need to:

- exhibit exemplary behavior with regard to remuneration, respect for established agreements and justice in institutional relations.
- train top and middle management teams in how to implement organizational values.
- prioritize ethical performance, effort and long-term commitment.
- establish decision-making processes that include the entire organization.
- let all people know what is expected of them.

Promoting leadership

If leaders want people to follow them, they need to cast an inspiring vision of the future and channel the energies of those around them. This does not have to come from the CEO alone, but can be found among many hidden leaders in the organization.

In addition to identifying these leaders, it is vital to promote and support them by:

- developing self-awareness, so that these leaders know who they are and how to handle themselves.
- offering mentoring and coaching, so that important leadership qualities like proactivity and responsibility come to the fore.
- establishing development programs so that leadership ability can be translated into action.

From good intentions to action

If 2013 is the year that Europe, and Spain, officially emerged from recession, then 2014 must be the year when everyone assumes their roles as citizens and workers, business people and executives, based on ethics and responsibility.

This may be a good time for HR directors to take up the challenge of diagnosing and measuring the impact of leadership on the bottom line.

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