

Article 1

The 'need to get more for less': a new model of 'engaging leadership' and evidence of its effect on team productivity, and staff morale and wellbeing at work

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1.1 Introduction

Even before the effects of the current economic crisis, organisations were aware of the need to be more innovative, handling rapid and complex change competently, and to be more effective in utilising organisational resources, including, most importantly, their people resources. It falls to leaders to get more from their staff, in ways that do not reduce morale, and wellbeing, not only for ethical reasons, but because damaging either will ensure that any benefits will be short-lived, with the most talented probably taking their talents elsewhere.

This raises critical questions about the nature of leadership and the use of human capital – the knowledge, skills and personal attributes that, when applied in people's efforts, create economic value; and, the sharing of social capital – the connections between people and groups that increase innovation, learning and productivity in organisations.

In a major investigation of the nature of day-to-day leadership in the UK, we identified a model that enables organisations to build leadership capacity, and embed cultures of innovation, proactivity and high 'readiness for change', while at the same time creating an environment in which employees can be more productive and experience higher levels of motivation and wellbeing. The model, which focuses on the notion of 'engagement', has been tested with thousands of managers, in a range of organisations internationally, from petrochemical and luxury goods to healthcare and local government, and was found to significantly increase levels of employee engagement. A second three-year investigation showed that this approach to leadership, when embedded in the culture of teams, has a significant impact on productivity.

This paper briefly describes the research findings from these two studies and the implications for managers and organisations in creating cultures of engagement, innovation, high 'readiness for change' and high levels of productivity. It also describes recent developments in the academic literature on leadership and employee engagement.

1.2 'Engagement': what is it, and why is it so important?

Engagement has been described as:

"a positive attitude held by the employee towards the organisation and its values. An engaged employee is aware of business context, and works with colleagues to improve performance within the job for the benefit of the organisation. The organisation must work to develop and nurture engagement, which requires a two-way relationship between employee and employer." (Robinson et al. 2004)

A survey of 450 HR directors in the UK found that:

"Almost two-thirds (59 per cent) of HR directors questioned picked out employee engagement as key for their business over the next year, suggesting it will play a major part in driving businesses out of the recession". (NorthgateArinso 2010)

In essence, engagement relates to the degree of discretionary effort employees are willing to apply to their work. Research evidence is that engagement is good for people and good for organisations.

Engagement is good for employees

One of the dangers of increasing pressure on employees to be more productive is that it increases stress, which damages individuals and is costly for organisations, with increased absence and reduced effort and morale. Engagement has been described as the opposite

of burnout (Maslach et al. 2001). Conversely, a primary driver in working life is to have a strong sense of purpose and meaning in what we do, and the ability to employ our personal resources, including skills we have acquired, and our learning from experiences, for an organisation in whose values we believe. We also need to feel valued for our contribution.

Engagement, which has been found to correlate significantly with levels of employee wellbeing, has been described as the:

“harnessing of organisational members’ selves to their work role. In engagement, people employ and express themselves physically, cognitively, and emotionally during their role performance.” (Kahn 1990)

Engagement is good for organisations

The business case for engagement is not based on altruism, but on hard evidence that it increases the effectiveness of organisations and employee performance in a variety of ways. For example, engagement has been found to correlate significantly with customer service, organisational commitment, lower absenteeism and turnover, and increased safety behaviour (Alimo-Metcalfe & Alban-Metcalfe 2008). Also, numerous survey studies have revealed that organisations with cultures of high levels of engagement outperform their competitors in relation to productivity and profitability (AON Hewitt 2010, Sirota Survey Intelligence 2006, Towers Perrin 2005, Watson Wyatt 2006). The government-commissioned MacLeod Review of Employee Engagement (2009), which includes numerous examples from academic research and an extensive range of organisational case studies, states: *“at its core is a blindingly obvious but nevertheless often overlooked truth. If it is how the workforce performs that determines to a large extent whether companies or organisations succeed, then whether or not the workforce is positively encouraged to perform at its best should be a prime consideration for every leader and manager, and be placed at the heart of business strategy”.* (MacLeod & Clark 2009)

The question is, “How can we increase employee engagement?”

The academic literature shows that one of the most important variables contributing to ‘engagement’ is the behaviour of the line manager. Negative corroboration of this relationship was found in the Towers Perrin survey, which reported that:

“while many people are keen to contribute more at work, the behaviour of their managers and the culture of their organisation is actively discouraging them from doing so”. (Towers Perrin 2005)

1.3 What form of leadership produces high levels of employee engagement?

Changing notions of leadership

The leadership literature can be confusing, not least because notions of leadership evolve over time, affected by changes in economic, political, social, technological, and ecological factors.

US ‘heroic’ models of leadership, dominated the 1980s and 90s, including ‘visionary’, ‘charismatic’ and ‘transformational’ leadership, based largely on studies (often self-reports) of CEOs of large US-based multi-national companies, most of whom were male. Criticism of an emphasis on the ‘inspirational-charismatic’ aspects of leadership grew in the 1990s alongside awareness of the ‘dark side of charisma’, which might include arrogance, narcissistic and manipulative behaviours, and be associated with an inability to build and support a team. The focus of researchers on ‘the leader’ failed to acknowledge the reciprocal influence of the follower-leader relationship, or the concept of ‘shared’ leadership, that is, that leadership is not the sole preserve of those occupying formal leadership roles, but also emerges when people work together effectively (Alimo-Metcalfe, Bradley & Alban-Metcalfe 2011).

Challenges to the ‘heroic’ models of leadership grew in the wake of the series of corporate scandals, including those involving Enron and Lehman Brothers in the US, and the Royal Bank of Scotland in the UK, which were attributed largely to the failure of corporate governance and the hubris of those occupying the most senior leadership roles.

Post-heroic models of leadership

In the wake of growing dissatisfaction with ‘distant’, ‘heroic’ leadership, new notions of leadership evolved placing emphasis on leadership as a social process – i.e. emerging as the product of effective interaction – and emphasising the ethical behaviour of leaders. These included models of ‘ethical’ and ‘authentic’ leadership. However, while providing valuable contributions to the notion of what characteristics make an effective ‘leader’, they do not directly address the question as to how to engage employees in the work of the organisation (Alimo-Metcalfe, Bradley & Alban-Metcalfe 2011).

Research into ‘engaging’ leadership in the UK

The nature of the relationship between staff and their line managers became the focus of our first major investigation into the characteristics of ‘nearby’ (day-to-day) leadership, which ultimately enabled us to create a model of ‘engaging transformational leadership’. Our interest was to identify the behaviours of line managers that had “a particularly powerful effect on the motivation, self-confidence, self-efficacy, or performance” of their staff (Alimo-Metcalfe, Bradley & Alban-Metcalfe 2011).

We argued that ‘nearby’ leadership was best judged by leaders’ direct reports, rather than by asking leaders what made them effective. Importantly, our sample was the first to be truly inclusive of gender, ethnicity, organisational level and age. We believe that it is the first substantial, comprehensive, empirically-based and validated model of ‘engaging leadership’.

The sample comprised over 4,500 public and private sector (FTSE100 companies) staff in over 200 organisations based in the UK, making it one of the largest investigations of leadership ever conducted (Alban-Metcalfe & Alimo-Metcalfe 2000, 2007a, 2007b); Alimo-Metcalfe & Alban-Metcalfe 2001, 2002, 2005). Figure 1.1 shows the 14 dimensions in four clusters: ‘personal qualities and values’, ‘engaging individuals’, ‘engaging the team/organisation’, and ‘moving forward together’.

Engaging with Individuals	<ul style="list-style-type: none"> • Showing Genuine Concern • Being Accessible • Enabling • Encouraging Questioning
Engaging the Organisation	<ul style="list-style-type: none"> • Supporting a Developmental Culture • Inspiring Others • Focusing Team Effort • Being Decisive
Engaging the Stakeholders – Moving Forward Together	<ul style="list-style-type: none"> • Building Shared Vision • Networking • Resolving Complex Issues • Facilitating Change Sensitively
Personal Qualities and Values	<ul style="list-style-type: none"> • Being Honest and Consistent • Acting with Integrity

Figure 1.1 A Model of Engaging Transformational Leadership

This model of engaging leadership closely resembles Greenleaf's notion of 'servant leadership', but also emphasises working in genuine partnership with a range of other internal and external stakeholders, being sensitive to their agenda and needs, and being decisive when required. Strong themes emerged relating to building shared visions, and creating environments in which empowerment, appreciation, curiosity, experimentation, questioning the status quo, and learning, are highly valued. Such leadership is not confined to those who occupy formal leadership roles; rather, it is a process distributed throughout an organisation.

The 360-feedback instrument developed to assess these behaviours, the Transformational Leadership Questionnaire™ (TLQ™), includes 10 measures of the impact of leadership on staff's motivation, job satisfaction, commitment, and reduced work-related stress, enabling us to analyse the effect of specific leadership behaviours on staff (Alimo-Metcalfe & Alban-Metcalfe 2003). The evidence, based on data gathered from the 360 ratings of several thousand private and public sector managers, is that, whatever the organisation, sector, or occupational group, an engaging style of leadership does have a significant positive effect on staff attitudes and wellbeing (Alban-Metcalfe & Alimo-Metcalfe 2000 2007a & 2007b).

While these findings provide evidence that these behaviours of leadership affect levels of engagement of employees, the most important question is whether they ultimately affect the performance and productivity of an organisation.

This was addressed in the second study.

1.4 Engaging leadership and its impact on performance & productivity: a longitudinal research study

There are very few published academic studies which show a causal (cause and effect) relationship between leadership and performance.

Many studies in the academic literature that show a correlation between leadership and performance are cross-sectional in nature. Also, most studies have adopted subjective measures of performance, (e.g. the ratings of the team leaders of their team's effectiveness), rather than objective external ratings. Causal relationships can only be determined through a longitudinal investigation, e.g. assessing leadership at Time 1, and assessing performance objectively, at Time 2. There is also the need to control for contextual variables, such as the size of the team, the resources at its disposal and a number of other relevant factors. We undertook a three year longitudinal investigation of the impact of the leadership culture of teams, on their productivity, using our model of engaging transformational leadership. We also assessed team morale and wellbeing, since this potentially impacts on sustainability of performance (Department of Health, NHS R&D SDO Grant 2002/22). The project assessed the impact of leadership on productivity and staff attitudes and wellbeing, among 46 multi-professional mental health teams¹. The research was undertaken by Real World Group, and researchers at King's College London (Alimo-Metcalfe et al. 2007).

We controlled for a range of important variables (e.g. range of expertise within the team, resources available, etc.) that could affect the teams' performance. Leadership was assessed using the Leadership Culture & Change Inventory (LCCI)², which is based on a combination of the engaging leadership dimensions in the TLQ, plus 14 leadership competencies, identified by experts in the field.

The findings

Analysis of the anonymous ratings of a national sample of 731 team members led to the emergence of three dimensions of leadership culture: 'Engaging with Others', 'Visionary Leadership'; and 'Leadership Capabilities'. These were assessed at Time 1, along with 12 aspects of staff attitudes and wellbeing. All three leadership dimensions were significant 'predictors' of different aspects of staff's attitudes to work, and wellbeing at work (see Figure 1.2) (Alimo-Metcalfe & Alban-Metcalfe 2010).

¹ The purpose of 'Crisis Resolution Teams' is to keep mental healthcare users out of hospitals, by supporting them in their homes.

² The Leadership Culture & Change Inventory (LCCI)

Impact measure / Leadership dimension	Engaging with Others	Visionary Leadership	Leadership Capabilities
Attitudes to Work			
A high level of job satisfaction	X		X
A high level of motivation to achieve	X	X	X
A strong sense of job commitment	X		
A strong sense of organisational commitment	X		
Wellbeing at Work			
A high sense of fulfilment	X	X	
A high level of self esteem	X	X	
A high level of self-confidence	X		X
A low level of job-related stress	X	X	
A low level of job-related emotional exhaustion	X	X	
A strong sense of team spirit	X		
A strong sense of team effectiveness	X	X	X

Figure 1.2 The impact of the three leadership dimensions of teams on staff's engagement & wellbeing (n = 731)

We also examined whether any of the leadership dimensions, assessed at Time 1, significantly predicted the productivity of the teams 10-12 months later (Time 2). The results showed that of the three scales, only 'Engaging with Others' was a significant predictor of productivity, even when allowance had been made for the effect of contextual factors. As far as we are aware, this is one of only a few studies to have provided evidence of a cause-effect relationship between leadership behaviour and organisational performance, when the effect of the context has been taken into account. Figure 1.3 shows examples of how engagement was enacted in high performing teams (Alimo-Metcalfe et al. 2008, Alimo-Metcalfe & Alban-Metcalfe 2011a).

- **Engaging important stakeholders** from the outset to shape the nature of the service; this formed the basis of continuing strong relationships necessary for the teams to succeed.
- **Collective vision of good quality service:** team leadership ensured that the vision of the team, and the operational policies were shaped by team members to create a sense of 'ownership' of their work and of belonging to something they valued. Regular meetings and informal communication, such as office banter, kept the vision alive.
- **Non-hierarchical teams:** while there was an appointed leader in every team, a culture of devolved leadership encouraged people to take the lead where it was appropriate for them to do so.
- **Supportive culture:** informal support from colleagues and the team lead, and formal support in the form of regular individual and group reviews, ensured that people felt comfortable in seeking advice and sharing work-related problems. This created a culture of joint problem-solving, which empowered team members to take the risks necessary to be innovative.
- **Successful change management:** team leads ensured team members were consulted on impending changes and their response taken into consideration. The result was a collective team response to top-down changes and the formulation of a joint action-plan for addressing such changes.

Figure 1.3 Characteristics of Leadership in High Performing Teams

Leadership & competencies

It is important to note that the scale which included the leadership competencies, 'Leadership Capabilities', did not predict team productivity. This is consistent with other studies investigating the effect of competencies on performance, and has important implications for organisations that adopt leadership competency frameworks. Clearly, it is not that being competent is unimportant. Rather, what our research and that of other academics reveals, is that it is how one enacts one's competencies that determines the effect one has on morale, wellbeing, commitment, the level of engagement of staff and of teams – and performance (Bolden & Gosling 2006; Hollenbeck et al. 2006). Thus: *"A competency framework could be considered like sheet music, a diagrammatic representation of the melody. It is only in the arrangement, playing and performance, however, that the piece truly comes to life."* (Bolden & Gosling 2006)

Does engaging leadership make a difference in all sectors?

The short answer is yes. Our model has been adopted successfully across the world from the top of organisations in the private sector (including finance, petrochemical industry, retail, manufacturing, telecommunications, IT, utilities and construction) and all public sector industries. An engaging approach to leadership is natural and intuitive for most people, so we find that almost immediately from being introduced to it managers start to adopt healthier, more effective leadership behaviours. PhD-level and other independent studies have independently confirmed the validity of the engaging leadership model across the world.

Organisational impact has been clearly demonstrated from noticeable increases in profitability, to savings of millions of pounds in 18 months, to statistically significant cultural shifts in people's wellbeing and positive attitudes to work. These changes tend to happen quickly – for example, one organisation we worked for went from dire straits to the Times Top 20 Best Employers to Work For in less than two years (Alimo-Metcalfe & Alban-Metcalfe 2008, Alimo-Metcalfe & Alban-Metcalfe 2011b).

1.5 Conclusions

The challenges facing organisations, even as they grow out of this severe recession, are enormous. Organisations need to exploit positively all the talent of the resourceful humans they employ, and to do this in a way which nourishes the human spirit, rather than destroys it. In other words, they must create cultures of genuine engagement.

We now know exactly what the leadership behaviours are that will make this happen, because we know what works, and why it works. It is now beholden on those in formal leadership positions to commit themselves to adopting such behaviours. This is particularly true for senior managers, since we know from countless studies that they are the major influence on the organisation's culture, but are typically found to be least likely to participate actively in leadership development (Alimo-Metcalfe, Ford, Harding & Lawler 2000).

One important word of warning is that, when under pressure to deliver on tough objectives, managers typically default to the 'command and control' style of leadership. This would be disastrous. It would dis-engage the very people on whose efforts and goodwill organisations depend.

Finally, the findings from our research, and that of others, has considerable implications for several organisational practices, including: (i) the criteria adopted to recruit staff – particularly managers, at all levels; (ii) the nature of the quality, focus, and content of appraisal/development reviews; (iii) the nature of the performance management processes; and, perhaps most importantly, (iv) the leadership framework and related 360-feedback processes adopted by the organisation. Our experience is that this is the starting point for effective transformation. Those organisations that do embrace fully an engaging leadership approach are most likely to build the leadership capacity required to sustain success in a far more demanding environment.

1.6 About the authors

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Beverly, who is a chartered organisational psychologist and Fellow of the British Psychological Society, has an international reputation in the field of leadership studies. She has a passionate interest in translating academic research into a form that is accessible to wide audiences, and supporting organisations in embedding the ethical application of leadership, in valuing diversity, and in supporting individuals and organisations in strengthening their capacity for engagement, collaboration, innovation and effectiveness.

In 2001, while holding the Chair of Leadership Studies at the University of Leeds, as a result of ground-breaking research into the nature of leadership, she established a Leeds University spin-out company, Real World Group, which undertakes research into leadership, culture, and diversity and inclusion; creates robust diagnostic instruments; and undertakes major cultural transformation projects across the private and public sector, internationally.

She spends much of her time working at Board level on the implementation of major organisational change programmes, and introducing the notion of engaging leadership and readiness for change at conferences and organisational seminars. Her numerous advisory roles include membership of the Government's 'guru group' on Employee Engagement, and the CMI's Academic Advisory Council. She spends much of her time working abroad.

Juliette Alban-Metcalfe, Managing Director, Real World Group



Juliette is an Organisational Psychologist and Managing Director of Real World Group. She has a particular interest in leadership, diversity and inclusion, Appreciative Inquiry and other positive approaches to organisation development and change.

Juliette's ground-breaking research includes a range of studies in the public and private sectors investigating barriers to career progression for underrepresented groups in leadership. She has authored a number of articles and book chapters on the subject of leadership and career progression and works with leaders and teams in senior levels across the UK and internationally.

She has an MSc in Organizational Psychology from the University of London, Birkbeck College, and a Master of Science in Positive Organization Development and Change (MPOD) from Case Western Reserve University, Ohio.

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