trustwithin ASSESSMENTS™

WHITE PAPER

Transforming Culture
with Agile Leadership

How to get employees to think for themselves, take responsibility, and raise performance.

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"Nearly two/thirds of employees say their company does not have a strong work culture." according to Tiny Pulse Surveys.

Most people understand that having a strong healthy culture is predictive of strong business performance.

But What is Culture?

Culture is the patterns of learned and shared behavior and beliefs of a particular group. So, a company's culture would be the shared values, beliefs and behaviors that people in that company operate by.

In the case of a "high performance culture" – that would mean an organization where all employees share values and beliefs that result in outstanding performance.

So, why do nearly two-thirds of employees say their company does not have a strong culture?

Many business leaders don't understand the value of having a strong culture, and therefore don't create one. Creating a strong culture requires strong leadership – leaders who set the example by modelling the values, beliefs and behaviors to create a strong, high performing organization.

A High Performance Organization

I came across this next model of how to create a high performance organisation several years ago and thought it made a lot of sense. It starts with defining your strategic objectives – what you will be achieving when you have become a high performance organization.

However, it is the next two steps that most leaders fail to do that prevent them from achieving their strategic objectives. They don't define the cultural objectives they need to achieve - what kind of culture is needed to achieve those objectives. Then what kind of leadership is needed to create the desired culture.

To establish cultural objectives it is essential that the leadership team define the values, beliefs and behaviors that everyone in the organisation must operate by to create that culture.

Because leaders have such a significant impact on culture, the next step is to define what kind of leadership is needed, first in the executive team and then at all levels to create that culture.

In the absence of a deliberate, planned approach to creating a strong culture, different cultures will emerge in different parts of the organization. Leaders in different departments, business units or branches will drive the culture in their area by their own personal values, beliefs and behaviors.

Needless to say, this can result in anything from a strong healthy culture in some areas to a toxic culture in others.

The Importance of Proactive Employees

In a high performance organization you need proactive employees who can manage themselves, make decisions without careful direction, and take responsibility. Whether it is front-line customer service employees taking it upon themselves to ensure that the customer gets the best experience possible, or a team leader engaging in creative problem-solving of their own, rather than bringing every issue to the boss.

Proactive employees constantly find new and better ways of doing their work. As a consequence, your organization becomes more efficient, more productive, and ultimately more profitable.

For these reasons and more, a culture where proactive employees thrive is, of course, highly desirable, but, it doesn't just happen. Leaders have a critical role in creating a culture where it is psychologically safe for employees to be proactive.

We are constantly studying workplaces to better understand the key factors that create a safe work environment full of proactive employees. Evidence from our work with leaders and teams over the last 40 years has reinforced the importance of trust between managers and employees as the most essential ingredient in creating a high performance culture.

In our most recent piece of research we investigated the relationship between leadership flexibility and trust-based workplaces. We also examined the key components underlying a trust-based workplace.

> "Flexibility is the ability to see others' needs as at least as important as your own."

We did this by surveying 680 employees on their attitudes towards flexibility and trust in the workplace. Our sample included people working at all levels of a range of organizations across numerous sectors.

The survey results offer insights not only into the preferences employees have for workplace culture and interpersonal relationships at work, but also their perception on how well their organization performs in these areas.

The purpose of this research was to identify the critical areas for management to focus on in order to build a team of proactive employees and create a high performance culture.

Before we discuss flexibility and trust in more detail and examine the research findings, let's look at what it means to be a proactive employee. At Intégro, we propose that an employee's level of proactivity boils down to a fundamental approach they have to their work, and in particular their level of personal responsibility.

Personal Responsibility

We can divide personal responsibility into two opposing outlooks: "other-directed" and "self-directed."See the model below.

Other-directed people believe they have no control over their own lives and instead are controlled by people in authority. For an other-directed person, the locus of control is external to themself.

Personal Responsibility

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On the other hand, the self-directed person sees the locus of control as internal: I have control of my life. The basic underlying belief of the other-directed person is "I have to…" meaning there is no element of choice - they have to do what they're told. For the self-directed person, on the other hand, the belief is "I choose to" - they know that they always have a choice.

Other-directed Behavior

When employees comply and do something they do not want to do, their natural feeling is to resent the authority for forcing them to do it. Even if the boss makes a reasonable request, the other-directed employee tends to see it as a command because of their mindset that they don't have a choice.

In most cases the other-directed employee will eventually complete the task, however, they will tend to do it grudgingly, and only well enough to avoid trouble.

The other type of other-directed person is the one whose thinking is to rebel, and then resists doing what they were asked to do. They say things like "It's not my job", or "Why should I have to do it." They rarely come out and say they're not going to do it - it just never gets done, and they always have excuses as to why it's not done.

Whether other-directed people comply or rebel, their attitude is: I am not responsible. They either behave like victims, feeling sorry for themselves and complain to friends and co-workers about the boss, or they plot revenge. Sometimes they will do both. In either instance, their intention is to undermine what you, as a leader, want to accomplish.

The ways in which other-directed employees get revenge range from slowing down on their work output, to sabotaging projects, to calling in sick when they are perfectly well, or even to theft. The kind of revenge employees seek will depend on whether they want to damage the organization as a whole, or just their immediate manager. Mostly revenge is not dramatic, it can even go unnoticed, for instance, employees may simply hold back on giving their best performance.

In fact, the most common form of revenge iis switching off or disengaging from the organization.

But how much damage is wreaked on the organization's bottom line if large numbers of employees are disengaged or actively disengaged and deliver sub-par performance?

> "The central difference between other-directed and self-directed team members is that self-directed people believe at all times they have a choice."

Other-directed Behavior

The central difference between other-directed and self-directed team members is that self-directed people believe at all times they have a choice.

When you ask self-directed employees to do a new task, their thinking is to either agree or disagree with doing it. If they agree to do the task, they will do it to the best of their ability, because it is their choice. If they disagree, they will explain to their manager the reasons why they disagree. Either way, the feeling that self-directed people have is one of acceptance of whatever the outcomes are of their decisions.

They accept the consequences of their actions because they feel ownership of them. If self-directed team members agree to do a job and do not do it to expected standards, then they will accept the consequences for not having given their best. If they disagree with the task, and there are negative consequences for doing so, they will accept these consequences, too.

That's what self-directed people do. Prior to making decisions they consider the consequences of the decision, then act based on their understanding of those consequences. Since self-directed people are responsible, they are only likely to disagree when they believe that what they are being asked to do is unreasonable, or is the wrong thing to do.

Authoritarian Leadership Creates Other-directed Employees

Virtually every leader in every organization we have worked with wants self-directed people. We know that because we've asked them - we have asked thousands of leaders this question: "What kinds of people do you need on your team to be successful?"

We have never had a manager describe an other-directed person as the kind of employee they need. And that makes sense - who wants to hire someone who won't accept responsibility for what they do and always has excuses when they don't perform?

But even though every manager says that they want self-directed people, many behave in a way that prevents them from having what they want.

If you behave in an authoritarian way, demanding or expecting obedience, you will end up with other-directed people.

Authoritarian behavior does not result in accountable, proactive employees. If you seek to control self-directed people, they will either give up and become other-directed, or they will leave. If they give up, they will either comply with your demands and lose their spirit, or they will rebel. Either way, for all intents and purposes, you've lost them.

> "If you seek to control self-directed people, they will either give up and become other-directed, or they will leave."

Trust-based Workplaces Are a Haven for Self-directed Employees

The kinds of people who make organizations great – those who come to work ready to think, share ideas, make decisions, and take responsibility – thrive in a trust-based environment.

Let's now turn to that trust-based work environment, and how you as a leader can create it. The process starts with leadership flexibility.

Our Research Indicates a Strong Link Between Flexibility and Trust

Our Flexibility and Trust Survey (FTS) has enabled us to explore the relationship between a leader's perceived level of interpersonal flexibility and their ability to build trust. The FTS is a 31 item questionnaire designed to measure two separate but inter-related aspects of a manager's behavior: their level of interpersonal flexibility and their trust-building ability, both as perceived by others. We

recently collected and analyzed the data from the 680 respondents who had completed this survey.

The Importance of Warmth, Understanding, & Encouragement

The flexibility scale in this instrument was originally developed in 1973 by Dr. Ralph Colby. Colby developed the scale as a means of providing individuals with feedback on their level of flexibility as perceived by others. When we explored the underlying structure of Colby's single measure of flexibility, we found that there were in fact three distinct sub-scales of flexibility: interpersonal warmth, interpersonal understanding, and interpersonal encouragement.

What this suggested was that a manager's level of flexibility or endorsement from others is very much determined by the degree others see them as:

Warm - being seen as friendly and approachable;

Understanding - seeking to understand others and be understood; and

Encouraging - being free with praise and encouragement.

The results of this research provide some interesting insights for leaders. It suggests that if leaders seek to gain support from their followers for their ideas and vision, they would do well to first build relationships that are based on warmth, understanding, and encouragement.

"A manager's level of flexibility or endorsement from others is very much determined by the degree of warmth, understanding, and encouragement that others see them using."

Leaders who are considered to be flexible will be more likely to get endorsement and cooperation from others.

In practice, people will be more likely to listen to and support the ideas of a flexible leader. Among many characteristics, flexible leaders will demonstrate openness, have a capacity to deal with ambiguity, and also display a willingness to compromise.

THE TRUST-BASED WORKPLACE

Everyone knows that trust is important. But many people don't know that being trustworthy does not necessarily build trust.

People make judgments about how trustworthy you are based on their perception of what you do, not on what you say you do, or what you intend to do.

Because it is your behavior that builds trust, you can in fact be trustworthy and yet have people who do not trust you.

In order to increase effectiveness at building trust, leaders need to take personal responsibility for their behavior and understand how it can affect levels of trust in workplace relationships.

The Behaviors that Build Trust

The second component of the Flexibility and Trust Survey is the interpersonal trust scale.

In 1973, Dr. Ralph Colby developed as a means of measuring trust between individuals. Colby suggested that four behaviors needed to be present in a relationship for trust to occur: acceptance, openness, congruence and reliability.

- **Acceptance:** I respect people for who they are. I give recognition when it is due.
- **Openness:** I am receptive to others' ideas and opinions. I am willing to disclose what's on my mind.
- **Congruence:** I say what I mean and mean what I say. I walk my **talk. I am honest and ethical.**
- **Reliability:** You can count on me to keep my commitments. I do my best at everything I do.

Values Underpin the Behaviors that Build Trust

In recent years, I have further developed Colby's four behaviors of trust by suggesting that each of the four behaviors were supported by two specific values that drive the trust building behaviors.

I call these The Values that Build Trust:

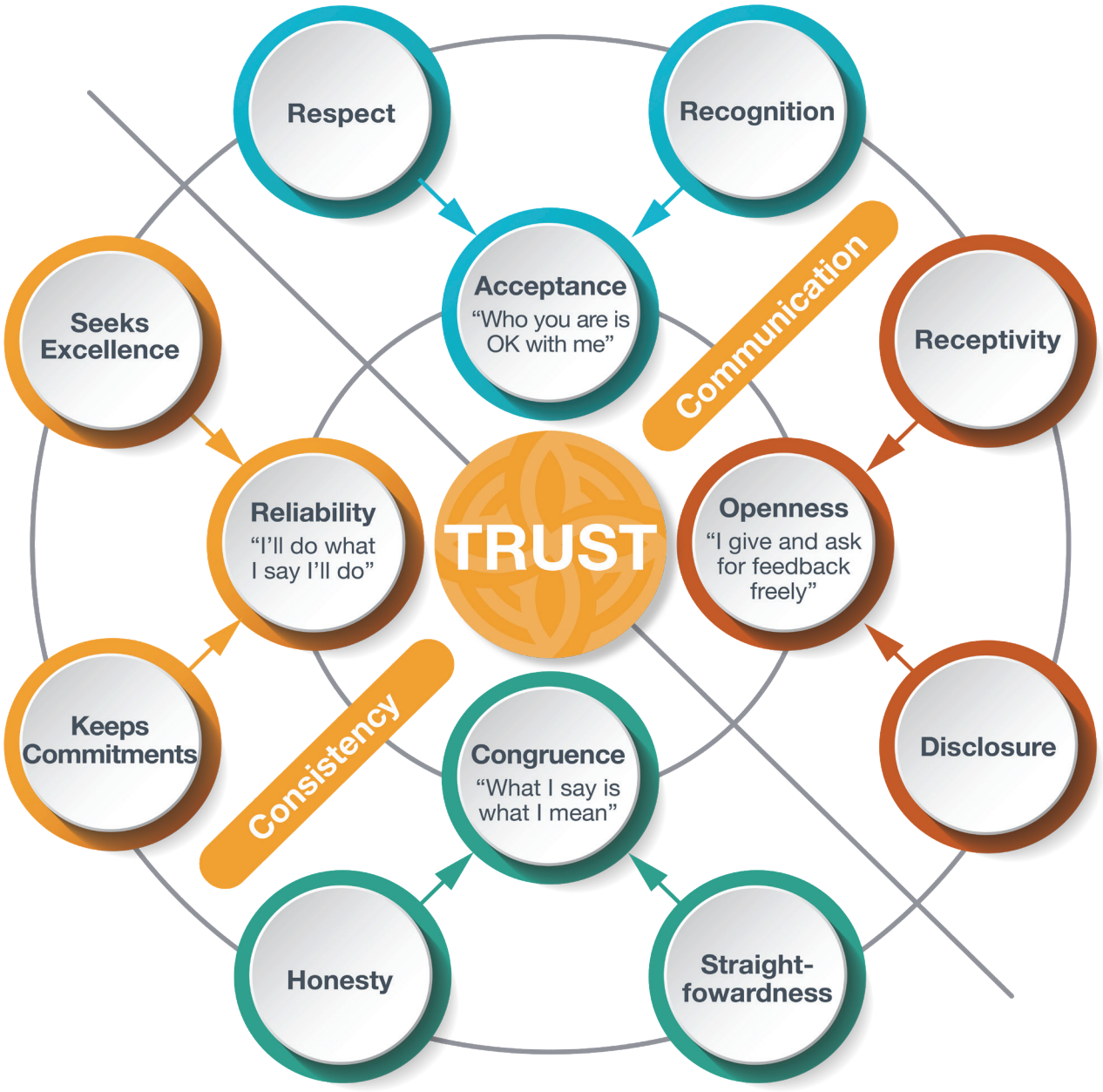
- **Acceptance:** respect and recognition
- **Openness:** receptivity and disclosure
- **Congruence:** straightforwardness and honesty
- **Reliability:** keeps commitments and seeks excellence

The reason for adding this additional layer is that through many years of experience, we found that most people find it difficult to use at least one of the behaviors that build trust.

For example, some people have difficulty accepting others - they tend to be judgemental. In order to behave in an accepting way, that person will need to believe in the values of respect and recognition. That is they have to believe it is important to respect the other individual, and that they need to show appreciation for what they are doing.

If this person does not respect the other individual, or appreciate what they are doing, they will fail to build trust with them.

The Trust Within™ Model



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Two Underlying Dimensions of Trust: Communication and Consistency

The 16 items used in the trust section of our survey were originally designed to measure trust building ability as perceived by others.

Factor analysis of the data has shown that the set of 16 items unequivocally reflect two underlying dimensions: communication and consistency, with acceptance and openness loading on the communication scale, and congruence and reliability loading on the consistency scale.

This new information helps to simplify the explanation of what is needed to build trust. To be perceived as trustworthy we need to be consistent and we need to communicate effectively.

When leaders then ask us: "How can I be more consistent?" or "How do I need to communicate to build trust?" the eight Values that Build Trust become very helpful.

Being More Consistent

The values that will result in more consistent trust building behavior are:

- **Straightforwardness:** be direct; tell the truth; face up to challenging situations or problems when they come up rather than procrastinating.
- **Honesty:** practice what you preach; establish your own standards of integrity that are not negotiable – then stick to them.
- **Keeps Commitments:** don't commit to doing something you can't or don't intend to follow-through on; take your responsibilities seriously.
- **Seeks Excellence:** do your best job every time; make an effort to improve your knowledge and skills by learning something new every day.

Communicating More Effectively

The values that will result in trust building communication are:

- **Respect:** always communicate with respect; let people know that you do respect them by listening to what they have to say.
- **Recognition:** let people know you appreciate their efforts; encourage others; be free with praise when people deserve it.
- **Receptivity:** give new ideas a fair hearing by listening, and asking questions for clarification; be willing to change your opinion in the face of new evidence.
- **Disclosure:** communicate openly with others – let them know what you think about the situation; keep others appropriately informed.

Leaders who commit to using these behaviors not only build higher levels of trust with employees, their behavior encourages their employees to behave the same way. As a result, they have more proactive employees.

THE LINK BETWEEN FLEXIBILITY AND TRUST

We have established that employees perceive flexibility to be a key attribute in a leader whom they would enthusiastically support. We have also looked into workplace trust and its underlying components.

In our research, we found that flexibility and trust are in fact strongly correlated. Leaders who are high in flexibility also score high on trust building ability, and vice versa.

What that means is, a leader who is low in flexibility will not be trusted.

It Starts with Respect

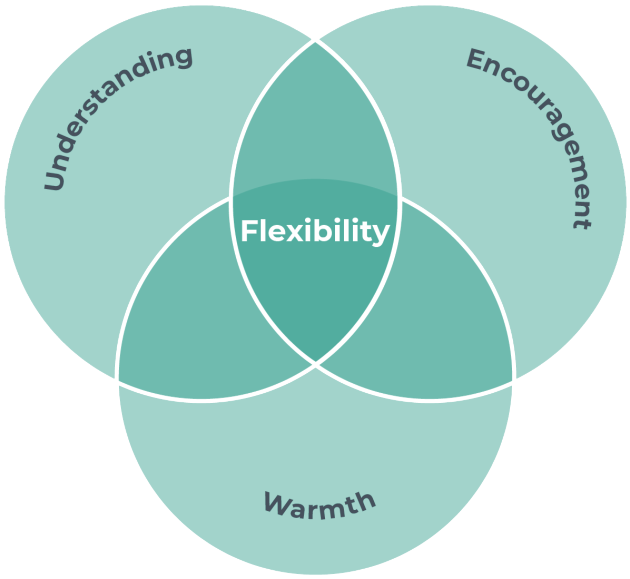
We are all aware of the concept of basic human needs. But fewer of us understand how this extends to the workplace. Employees also have essential needs that must be satisfied in order for them to be engaged in their work. The most basic need that virtually all employees share is the need to feel respected. A manager who appears too busy or distracted when dealing with employees does not show respect. Many of us have experienced going to a manager or a leader with a new idea and having it dismissed. Or worse, the manager says she is "too busy."

> "The most basic need that virtually all employees share is the need to feel respected."

Is this because they are bad leaders? Not necessarily. But they are most likely too focused on one of the underlying dimensions of trust, consistency, but not the other, communication.

This is because a manager's performance tends to be judged by their consistency – are targets being met quarter by quarter? Are shareholders content with the progress being made? So managers naturally judge their own performance along similar lines. But our research tells us that employees assess managers on both dimensions: consistency and communication.

Yes, employees expect their managers to be consistent, that is, reliable and congruent. But in reality they place a lot more importance on the communication elements of trust, acceptance and openness when determining the trustworthiness of their leaders. This is why many organizations find that "trust for management" scores are low in their staff surveys. It is rare for management to not produce results or to be dishonest or unethical, but it is common for management to not be open with employees and fail to let them know they are respected and appreciated.



Flexibility and Understanding Needs

A highly flexible leader sees others' needs as at least as important as their own – so they are always looking for opportunities for employees to grow and develop, which, in turn helps the leader achieve their goals. As a result there will be far more trust between the leader and their direct reports.

Some people question our definition of flexibility - "what if the other person's needs aren't as important as mine?" If you believe this, don't expect to be seen as a flexible leader, and don't expect people to trust you!

Which needs should we focus on?

Additional research conducted by Intégro has identified five needs that all employees have, that if not satisfied will result in significantly lower levels of employee engagement and trust for management.

> "The organization's needs cannot be satisfied unless employees' needs are met."

The Five Needs that Ignite Passion

So, if building a high level of trust can be done by satisfying these needs, what are they and how can you go about ensuring that all employees are being satisfied?

In the graphic, The Passion Pyramid, on the next page, you will see in the centre, starting from the bottom, the Five Needs that Ignite Passion. On the left-hand side of the model are the Leadership Skills that need to be used to satisfy the needs, and on the right-hand side the Outcomes or pay off for the organization when the needs are satisfied.

The model was built as a pyramid because our experience shows that leaders need to start at the bottom to build up. For example, employees do not want to learn from a leader who does not respect them, nor will they feel like an insider if they are not respected.

As I have said, Intégro's research shows that when you satisfy these five needs for all employees, they will be passionate about your organisation and about delivering their best every day. In other words, a proactive employee and they will also have a high level of trust for their leaders.

Let's look at these five needs more closely:

The Need to Be Respected: all people have a need to be treated with respect. They need to know that what they do is valued by their leaders. One of the most important ways to demonstrate respect for someone is to truly listen to them. Unfortunately, there are many ways leaders unintentionally treat employees with disrespect, and nothing diminishes trust faster.

The Need to Learn and Grow: People have a natural desire to develop their talents and do things that utilize their strengths. They want to perform at their best. To do that, they look to a leader to continue to help them learn and grow in their roles.

The Need to Be an Insider: No one likes to feel excluded. Being included in discussions, being involved in problem-solving and decision-making, especially on decisions that directly impact employees, makes it clear that employees are on the same team as their leader. There is no Us and Them.

The Need for Meaning: People need to know that what they do is meaningful, that their work is making a difference to someone else. They want to be able to answer the question "why does my job exist" – to understand how their work contributes to their organisation's purpose.

The Need to Be Part of a Winning Team: the highest levels of passion come from being a part of, and contributing to, the success of a winning team. I'm sure you have experienced the elation of "team spirit" on some of the teams you have been part of in your life – whether they were sporting teams in your younger years or work teams that have achieved success.

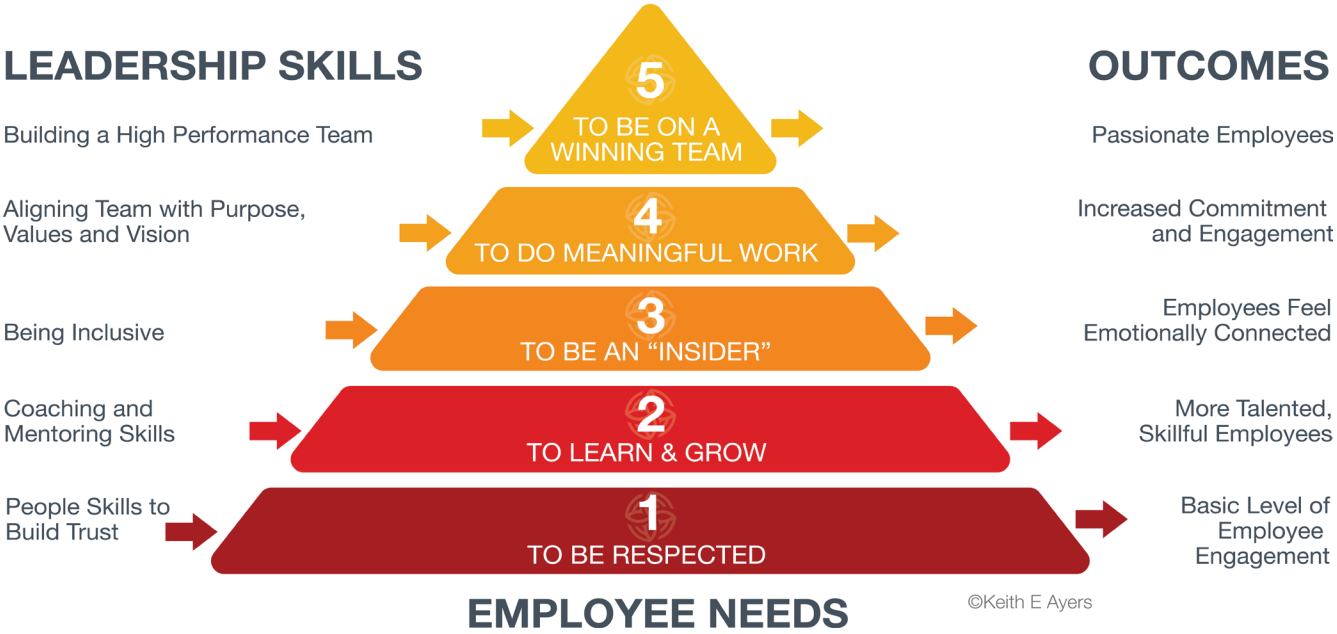
Satisfying these five needs will transform your culture.

We have surveyed over 8000 employees and asked them how important the Needs that Ignite Passion are to them on a ten-point scale, where 1 is unimportant and 10 is essential. The average score for importance for all five needs across all 8000 employees is 9 out of 10. In other words, these needs are very important to virtually all employees!

What better way to increase leadership flexibility and transform the culture than to focus on ensuring that every team member is getting these needs satisfied.

Since we also measure the level of trust employees have for management, we know there is a very strong correlation between the level of need satisfaction and trust. For trust to be high, need satisfaction must be high.

The Passion Pyramid™



This strong correlation provides a valuable insight into the relationship between management behavior and organizational culture. The results of our research show that as managers satisfy these needs, they create a culture of trust and employee passion for their job and the organization.

It makes sense – satisfy their needs – they trust you!

High flexibility is vital for leaders who wish to satisfy these needs and build a high performance team.

Three Key Conclusions

We can conclude from our statistical findings that flexibility and trust are related. This means that managers who are seen to be flexible when relating to others are also seen to be effective at building trust.

Furthermore, our analysis indicates that a manager's flexibility is made up of three separate components: interpersonal warmth, understanding, and encouragement. Each of these is a strong predictor of interpersonal trust.

Finally, our research identified a number of trust-building behaviors that positively predict that an individual will be considered highly flexible and very effective at building trust.

Managers should recognize that encouraging behaviors such as rewarding others, giving praise, and providing helpful advice are important in building strong trust-based relationships and should not be seen as soft or a sign of weakness in a manager.

At the most fundamental level, it is vital for managers to recognize that strong levels of engagement and performance – which tend to be attributes associated with teams of proactive employees – are observed in workplaces where high levels of trust are experienced between management and staff. For this reason, managers should ensure that they are optimizing their own performance when it comes to interpersonal flexibility.

Contact Conscious Leadership Alliance or one of our certified associates to find out if your leaders and managers are creating the culture your business needs to be a high performance organization.

The Conscious Leadership Alliance's Research Desk was launched in 2011 as a way to share our research findings with the wider business audience.

The reports tackle leadership issues that concern small, medium, and large companies around the world. It is in working with such a wide array of organization types and sizes that we have discovered the common themes of importance to leaders – no matter where in the world they work: How do we create an environment where employees want to come to work and do their best, every day? How do we ensure that leaders get the most from their employees – and themselves? How do we go beyond engagement and create a team of passionate employees? How do we get senior team members aligned on the critical decision-making issues that arise each week?

About the Author

Keith Ayers is the author of Engagement is Not Enough: You Need Passionate Employees to Achieve Your Dream and a pioneering voice in the fields of leadership, trust, and employee engagement.

As a visionary and mentor to many, Keith developed the original suite of Trust Within Assessments to help leaders and organizations measure and strengthen trust at every level — well before the rest of the business world recognized its importance. His work has guided senior leaders across the globe to build high-performing, trust-centered cultures where people — and purpose — thrive.

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