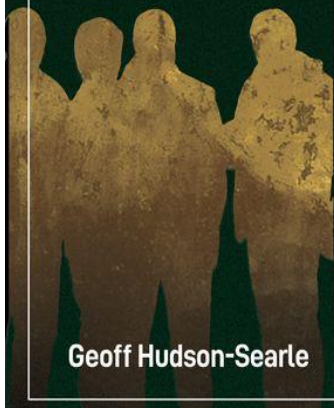


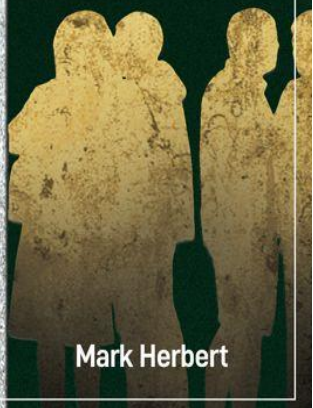
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T R U S T

P A R A D I G M



Geoff Hudson-Searle



Mark Herbert

# The Trust Paradigm

Geoff Hudson-Searle Mark  
Herbert



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Matador

Unit E2 Airfield Business Park,  
Harrison Road, Market Harborough,  
Leicestershire. LE16 7UL

Tel: 0116 2792299

Email: [books@troubador.co.uk](mailto:books@troubador.co.uk)

Web: [www.troubador.co.uk/matador](http://www.troubador.co.uk/matador)

Twitter: [@matadorbooks](https://twitter.com/matadorbooks)

ISBN 978 1803133 188 (Hardback)

ISBN 978 1803133 195 (Paperback)

British Library Cataloguing in Publication Data.

A catalogue record for this book is available from the British Library.

Printed and bound in the UK by TJ International, Padstow, Cornwall  
Typeset in 11pt Aldine401 BT by Troubador Publishing Ltd, Leicester, UK



Matador is an imprint of Troubador Publishing Ltd

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Mark lives in Eugene, OR, and is an avid Oregon Ducks and Tennessee Titans fan

## CHAPTER SEVEN

### *The importance of purposeful leadership*

*“When you listen with empathy to another person, you  
give that person psychological air.”*

Stephen M.R. Covey

**W**e hear a lot about ‘purposeful’ and ‘purpose-driven’ leaders and organizations. But what does that really mean, and does it make a difference?

Talk of purposeful leadership has been prompted by growing levels of distrust and disillusionment around the short-termist financial imperatives that are perceived to drive contemporary firms. Typically, the attributes of purposeful organizations – societal responsibility, values and ethics – can simply be translated into the qualities that should characterize their ideal leaders. But what type of leaders do truly purposeful organizations really need?

My own definition of a purposeful leader is one who has a strong moral self, communicates a clear vision for his or her team and takes an ethical approach to leadership that is marked by a commitment to stakeholders.

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### **What is purpose?**

Purpose is an aspirational reason for being that inspires and provides a call to action for an organization, its partners, stakeholders, and society as a whole. Strategic research has consistently shown that purpose enables organizations to perform well in times of volatility. That research joins a growing body of evidence demonstrating that a strong and active purpose raises employee engagement and acts as a unifier. It makes customers more loyal and committed to working with you and helps to frame effective decision-making in an environment of uncertainty. The EY Global Leadership Forecast 2018 found that getting purpose right builds organizational resilience and, crucially, improves long-term financial performance.

Independent research from Linkage found connections between purposeful leaders and business results: the companies they led had 2.5 times higher sales growth, four times higher profit growth, five times higher 'competitive differentiation and innovation' scores, and nine times higher employee engagement scores. Companies that create lasting leadership impact differentially invest in developing purposeful leaders and they take concrete steps to assess the organizational dynamics that shape leadership performance.

What outcomes can purposeful leadership influence, and what are the constraints on injecting purpose into an organization's culture? My extensive research reveals the following:

- Purposeful leadership and its constituent components of purposeful leadership – moral self, commitment to stakeholders and vision – are important in influencing a range of employee outcomes; these include intent to

### *The importance of purposeful leadership*

quit, job satisfaction, willingness to go the extra mile, sales performance and lower levels of cynicism. Ethical leadership approaches are also central to employees' experience of their work. Employers should consider ways of creating and embedding a purposeful and ethical approach throughout their organization.

- Vision is especially important, for employees and leaders alike, to provide a sense of direction to guide activities. However, multiple or conflicting visions can emerge over time and in different departments or units, causing a sense of confusion and uncertainty. Organizations should aim for alignment around a set of core themes.
- There is much that organizations can do to foster purposeful and ethical leadership by putting in place appropriate central policies, leader role-modelling, training and development and strong organizational values and culture.
- Constraints that might sabotage efforts to develop a purposeful approach to leadership include pressures on time and resources, unrealistic targets, communication errors – including over-communication – remoteness of the organizational centre, and cultural factors such as risk-aversion. Organizations should be aware of issues such as these.
- Organizations tend to focus on a limited range of stakeholders and discount others from their decision-making. However, this can lead to an imbalance in how the organization relates to its wider setting. To combat this, consider strategies such as creating working groups to evaluate the impact of important decisions on a wide range of stakeholders.

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### **What is leadership?**

Let's now move on to leadership itself. My view is that leadership is the ability to motivate groups of people towards a common goal, and this is an incredibly important skill in today's business world. Without strong leadership, many otherwise good businesses fail. Understanding what makes a strong leader and how those skills are cultivated is paramount for those pursuing a career in business.

Many of the world's most respected leaders have several personality traits in common. Among the most recognizable are the ability to initiate change and inspire a shared vision, and knowing how to 'encourage the heart' by modelling the skills and behaviours necessary to achieve the stated objectives. Good leaders must also be confident enough in themselves to enable others to contribute and succeed.

Let's now consider some of the most recognized model leaders from the past and their key attributes.

#### *The ability to initiate change — Franklin D. Roosevelt*

Good leaders are never satisfied with the status quo and usually aim to change it. They bring about change for the common good by involving others in the process. FDR sought practical ways to help struggling men and women make a better world for themselves and their children. His philosophy was, "bold, persistent experimentation...Take a method and try it. If it fails, admit it frankly and try another. But above all, try something." Being willing to take risks by trying new ideas and involving others in the process of change is a key quality of strong leaders.

## *The importance of purposeful leadership*

### *Inspiring a shared vision — Martin Luther King*

Leaders, through their words and actions, must have the ability to draw others into a common vision by being clear about where they intend to go and persuading others to join them on the journey. Martin Luther King's vision of a country free from racial segregation and discrimination, so poignantly expressed in his famous "I have a dream..." speech, exemplifies this critical leadership trait. King had a vision of a better America, and his ability to bring both white and black people together to march against segregation changed America profoundly.

### *Modelling leadership — Mohandas K. Gandhi*

Strong leaders not only need to have a vision and the ability to initiate change; they must also model the values, actions, and behaviours necessary to make the vision reality. Gandhi created and promoted philosophies of passive resistance and constructive non-violence, and he also lived by these principles. As Indian Prime Minister Indira Gandhi said, "More than his words, his life was his message." By choosing to consistently live and work in a manner that exemplified the values he believed in, Gandhi engendered trust, becoming a role model for others looking to effect change without resorting to violence.

### *Encouraging the heart — Sir Winston Churchill*

29 December 1940, London was hit by one of the most devastating aerial attacks of World War II. Somehow St. Paul's Cathedral survived. Two days later a photo taken by Herbert

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Mason, chief photographer of the Daily Mail, showed the dome of St. Paul's among the ruins, silhouetted against billowing smoke and flames. The caption ran: *It symbolizes the steadiness of London's stand against the enemy: the firmness of right against wrong.* Churchill recognized the importance of St. Paul's for national morale and issued the order, "At all costs, St. Paul's must be saved." Leaders must be able to encourage the hearts of those who share their vision, providing a sense of confident optimism even in the face of enormous difficulties.

### **What is your purpose?**

Purpose goes beyond our physical and emotional needs. Being driven by a purpose or a mission takes us beyond focus on our basic needs and into a mode of action where we set goals that we want to achieve.

When we are driven by purpose, we look for meaning in what we do; ways to create enrichment and happiness in our lives. In that context, purpose means identifying our reason for being.

Today, many of us increasingly look to our professional lives to provide us with meaning. That is why one of the key tasks of effective leaders is to ignite a deeper sense of purpose in their employees.

Purpose ties the organization together.

When an organization delivers excellent service, it is because its employees know what they do and why they do it. They are, therefore, able to bring people together for a common cause that is the backbone of what they do, namely, their purpose. It is the job of an organization and its leaders to give employees this sense of purpose and make it the driving force to achieve the intended outcomes.

## *The importance of purposeful leadership*

Making sure that an organization's purpose and mission are fully aligned is probably one of the most effective ways to engage both consumers and employees. However, we all know that it is hard enough to find individual purposes in life that creates meaning and motivate us. So how can this be done for a whole organization with many diverse people?

How do we lead with purpose?

- *What shared purpose articulates a clear purpose for our organization?* Focus on answering the 'why' questions. Why do we exist? What do our employees and stakeholders care about? What resonates with customers?
- *How can we use purpose as a lens for everything we do?* Let purpose guide the solutions you offer, how you treat your customers, and how you engage your workforce.
- *Communicate success stories to all constituents.* Stories perpetuate purpose. Each time people repeat them, purpose entwines more closely with day-to-day business.
- *Integrate purpose into the company's DNA.* Reinforce purpose through the day-to-day customer and employee experience. Treat purpose as a commitment to stakeholders and publicly update on its progress.
- *Focus on leaders: help them develop their own 'why.'* Work with all leaders to articulate their own purpose as it relates to the overarching purpose for the business. Then help them do the same for their teams and employees.
- *Develop key skills.* Purpose-driven leaders form teams, inspire, and motivate in a fast-changing world. They develop psychological safety and agility.



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In my book *Purposeful Discussions*, I take purpose across everything we do in organizations, covering emotional intelligence, human-to-human interaction, human relationships, strategy, government, geopolitics, compliance, regulation and even cybercrime. I offer conclusions on life growth, lifelong learnings, personal development and mentorship, and I conclude with the takeaways that we should all arm ourselves with to survive the next decade, to co-create a more sustainable future.

My overall conclusion on purposeful business leadership in today's disruptive world is a balanced view of universal characteristics and traits which has the potential to guide us through years of transformation with optimism and idealism. To conclude, the first step towards inspiring others, and thus beginning the personal transition from managing to leading, is to understand your own purpose. If you aspire to become a leader, you also need to find an organization that will accommodate your purpose because it is only when we set sail on the right course with smart individuals that our purposeful journey, progress and performance become so much more worthwhile

## CHAPTER TEN

### *Leaders need legitimacy*

*"To be trusted is a greater compliment than to be loved."*

George MacDonald

I recently reread Malcolm Gladwell's latest book, *David and Goliath*. Like his previous works, I enjoyed it a great deal. I see Gladwell as kind of a social facilitator and observer. He doesn't try to present himself as a behavioural scientist with countless reams of data to support his conclusions; he makes comments and observations, and the reader can choose to accept or reject them.

Given the outcome and the divides exposed during and after the 2016 U.S. Presidential election cycle, I found some of his insights particularly worth revisiting. I enjoyed the entire book, but the part that most spoke to me was Gladwell's discussion of legitimacy.

Legitimacy, Gladwell says, demands three elements:

- The governed have a voice; their input is sought and heard

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- There is predictability and consistency in the application of laws or standards
- Laws or standards must be administered fairly and objectively; any disparate treatment must have a clear and compelling reason behind it

From what I have seen, the President elected in 2016 didn't share Gladwell's description of legitimacy. Specifically, his interest in viewpoints that don't coincide with his own appear non-existent and his application of laws and standards have not, in my opinion, passed the fair and objective test.

I personally believe that any meaningful change in our leadership philosophy and application will have to come from the private sector. The Trump administration was interested in a rigid application of the compliance model; that people should do as instructed. The President himself had never been in an environment where he was accountable to anyone, and he seemed to struggle with that transition.

I find this discussion about legitimacy so interesting because of its application to the work environment.

For the last four decades I have been promoting and teaching the merits of an employment relationship based on commitment rather than compliance. When the employment environment is optimized in a commitment-based model it delivers employee engagement.

I also believe that, to a large extent, leadership – as opposed to management – is founded in legitimacy. Leadership is entirely relational and is not hierarchical. As a manager, however, you rely on the authority of your position and the benefit of what Stephen

M.R. Covey calls deterrence, the authority that comes from rules

### *Leaders need legitimacy*

or position. We would all like to believe that management also incorporates competence, the second of Covey's three levels of trust, but I am not sure that is true. In many cases the competence we rely on when elevating someone to a management role is based on their technical skills; competence in emotional and social intelligence are still considered 'soft skills' and not essential.

The highest level of trust in Covey's hierarchy is identity- based trust. It incorporates both your competency and your character, as demonstrated by your applied values and behaviour, to create credibility.

In more than forty years as a human resource professional, C-level executive and management consultant, I have found it interesting to see emerging and current 'leaders' bridle at the idea that they must earn trust. Many have the expectation that trust will be embedded in their role and they should not have to earn it.

Any student of the relationship between employer and the employed realizes that up until the 1940s, the concept that employers might need to win legitimacy through the input of their employees was considered ludicrous. Unions fought extremely hard to legitimize their right to bargain with employers over hours, wages, and working conditions. I do not say that collective bargaining is the preferred methodology for building the relationship structure between organizations and employees, but it's certain the concept of participating as equals didn't come from management enlightenment.

It is very chic today to dismiss collective bargaining and unions as passé, and many of our current models still have their roots in the principles of Taylor's Scientific Management: managers manage and workers do. But if you only see people

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as 'human capital', what is the likelihood that you are seeking the endorsement of those you 'lead'? Surveys come out every year that reinforce the view that the most significant role of human resources professionals is to ensure compliance. Under the old social contract, organizations provided a degree of social and economic security in return for loyalty (in my opinion, another word for compliance). As the economy became more international, we still wanted the loyalty, but we just didn't want to provide the security. It is interesting that in most jurisdictions outside of the U.S., among the topics included in collective bargaining is the introduction of technology into a work setting. In our U.S. model, we must negotiate the effects of the technology but not its introduction.

To create my own foundation for employee engagement, I insist on a number of critical elements. The first is a foundation of trust. I would go as far as to say you have to have trust at all three of Covey's levels – deterrence, competence and identity – to experience true engagement. You then need to add the elements of respect, responsibility, information, equitable rewards, and mutual investment.

I do not think you need to negotiate your culture with employees, but I do think they are entitled to clear expectations, constructive feedback, and fair treatment. When you provide that kind of context you are allowing employees to join up with you. On that foundation, when change is introduced you do it with, rather than to, your people.

Gladwell's examples of authority without legitimacy are fascinating but the outcomes aren't pretty.

We see examples even today in various places across the globe whereby power of military capability or financial resources

### *Leaders need legitimacy*

the view of the few or the many are imposed upon minority populations or neighbors.

A very current example is occurring as we write this in Ukraine, with Russia's decision to invade to "protect" ethnic Russians and create a "barrier" to Western intrusion into some hypothetical safety zone. We saw similar action in Myanmar with the junta asserting control.

Up until the late 1930's in the United States corporate organizations by right of wealth freely imposed their will on workers with the government's implicit and explicit support. Until the Wagner Act, (also known as the National Labor Relations Act) it was perfectly legal for employers to terminate employees attempting to form unions to collectively bargain subjects like wages, hours and working conditions.

It was only in 1964 that discriminating against employees based on color, race, religion, national origin, and other factors were deemed illegal and even later for discrimination based on age.

In 1993 the rights of working parents were finally codified providing protection for childbirth, adoption, and related factors that tended to significantly disadvantage women in the workplace. He discusses the rising generations now entering the workplace and their intolerance of assumed legitimacy. They will expect to be treated as stakeholders and they are willing to withdraw from employers if they feel that mutual respect and transparency are not fundamental to the business culture presented to them.

The events of the pandemic have underscored this sense of "stakeholdership" as illustrated by the Great Resignation and push back from employees who have worked remotely for almost

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two years refusing to return to the traditional office setting to satisfy the sense of control that some employers still embrace.

One of the few positive side effects of the recent pandemic is a clear demonstration that how and where work is performed can no longer be taken for granted and some outcomes show positive impacts on productivity and performance rather than the expected decreases

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It has been printed in the UK to reduce transportation miles and their impact upon the environment.

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