



BUILDING A TEAM OF PROACTIVE PEOPLE

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

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INTÉGRO RESEARCH DESK REPORTS

Intégro'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 to create an environment where employees want to come to work and do their best, every day? How to ensure that leaders get the most from their employees – and themselves? How to go beyond engagement and create a team of passionate employees? How to get senior team members aligned on the critical decision-making issues that arise each week?

Not only is it our passion to provide exceptional value to our clients, and to operate our own workplace by the principles we espouse in our consulting work, it is also our commitment to share the solutions we have uncovered that help leaders like you to deliver exceptional value to your customers.

As always, we welcome your comments and suggestions. If you would like to propose a topic for the Research Desk to tackle, or would like to discuss any of the issues we've covered, please send an email to support@integroleadership.com with the subject line: "Research Desk."

Sincerely,



Keith E Ayers,
President, Intégro Leadership Institute

ABOUT THE AUTHORS

Keith Ayers is the CEO of Intégro Leadership Institute, author of *Engagement is Not Enough: You Need Passionate Employees to Achieve Your Dream* (Elevate, July 2008), and one of the world's most respected experts on the topics of employee engagement, leadership development and workplace trust.

Having joined Intégro as a consultant in 1977, Keith took over the ownership of the organization in 1982, and developed it to become one of Australia's top specialist leadership development consulting firms. With an increasing proportion of his time allocated away from Australia, Keith moved to Pennsylvania in August 2001, where he grew the U.S. division of Intégro to over 60 certified associates. Keith returned to Australia in 2009.

Keith's first career was as a Navigator in the Royal Australian Air Force, which included a term of active duty in Vietnam. His expertise is working with CEOs and senior executive teams to help them create a high performance culture, one that is based on a high level of

trust and personal responsibility. Keith has worked with executive teams in Fortune Global 500 organizations and SMEs in Australia, New Zealand, Hong Kong, China and the U.S. He has also been a keynote speaker at conferences in Germany, Finland, the U.K. and the U.S.

A long-held view that training events do not produce business results, led Keith to create Intégro's Leadership Development Process™ and Senior Team Alignment Process™. These integrated processes include before and after measurement and application projects that help executive teams and managers take their company culture head-on, and get all employees committed to achieving outstanding results. Most recently his work has focused on measuring employee passion and workplace trust, culminating in the launch of Intégro's range of "trust inside" assessments.

In March 2009, Keith launched his blog, which tackles issues relating to trust in the workplace, in addition to his unique take on the most pressing leadership and management issues.

Dr. Frank Cahill has had over 25 years experience working with organizations to improve the quality of their leaders and the performance of their teams. Frank is a registered psychologist who holds a BA (psychology), a graduate diploma in applied psychology and a professional doctorate degree in counseling psychology. He is a member of the Australian Psychological Society (APS), the college of counseling psychologist and an affiliate member of the college of clinical psychologists.

Frank's doctoral thesis explored the relationship between personal values, workplace experiences and organizational commitment. His research showed that an employee's emotional commitment towards his or her organization is strongly influenced by the quality of the relationships with both work colleagues and his or her direct manager. This research has highlighted the important role that ongoing training in emotional intelligence for both employees and leaders has in building commitment to the organization.

Frank's research with Intégro has also identified the importance that

trust plays in building a workplace where employees are motivated to operate at their best. His research has shown that when employees experience high levels of trust within their workplace they are more self-directed, self-motivated and more engaged in what their organization is trying to achieve than those who perceive their organization to be less trustworthy.

As a senior Intégro consultant Frank has specialized in developing and delivering leadership processes for Australian organizations. In working with leaders and their teams, Frank draws on his research and extensive experience to build strong leadership, effective teams and engaged workplaces.

Frank's experience has extended into such industries as hospitality, manufacturing, finance, commonwealth government, technology and aviation. Frank's current clients include Melbourne Water, Catholic Church Insurances, Kraft Foods, Victoria University, Sensis, Ausco, Ego Pharmaceuticals, Jetstar, Bupa, VMIA and TAC.

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EXECUTIVE SUMMARY

Proactive Employees

In the endless drive for greater productivity, every manager wants employees to become more proactive. More proactivity equals better productivity. And better productivity usually means improved financial performance, happier shareholders, and less sleepless nights for leaders.

What exactly does it mean to be a proactive employee? We answer that question in two ways: first, we examine who and what a proactive employee is. Then we look at what a proactive employee is not. This is the difference between “self-directed” and “other-directed.” The self-directed employee takes responsibility for her own decisions and actions. The other-directed employee adopts an “I have to” mentality, and responds only to direction.

“The self-directed employee takes responsibility for her own decisions and actions.”

“Proactive employees respond best to flexible leaders.”

Flexibility in Leadership

As we begin to arrive at a better understanding of what a proactive employee is, we can then ask: why do some organizations have them in abundance, while others don't? What is it that a manager can do to develop more of these elusive people?

In simple terms, leaders must demonstrate flexibility. Leadership flexibility can be broken down into three sub-scales: warmth, understanding, and encouragement. Leaders must be able to

exhibit all three of these if they are to be perceived by their employees as being flexible leaders. Proactive employees respond best to flexible leaders.

The Trust-based Workplace

Proactive employees also thrive in a trust-based work environment. Many leaders and organizations talk about a vague notion of trust. In actual fact, workplace trust is not vague at all once we break it down into its tangible

component parts. First, there are four elements of trust. Supporting these elements are the eight values that build trust. And finally, these four elements and eight values can be categorized into two broad dimensions: communication and consistency.

“The three sub-scales of leadership flexibility are in fact strong predictors of a trust-based work environment.”

The Link Between Flexibility and Trust

To create a team of proactive employees, leaders need to demonstrate flexibility and foster a trust-based work environment. Our research has found that the two are strongly connected and that the three sub-scales of leadership flexibility are in fact strong predictors of a trust-based work environment.

In demonstrating the attributes of flexibility, leaders can begin by developing an understanding of the basic needs that all employees have. Once a manager accepts that the organization's success is intrinsically linked to its ability to satisfy employees' needs, the path towards a team of proactive people has begun.

1. PROACTIVE EMPLOYEES

The Importance of Proactive Employees

Most leaders and managers want 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 role in creating the right environment.

“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.”

We are constantly studying workplaces to better understand the key drivers that foster a 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 as a critical element in the most successful teams.

In our most recent piece of research – conducted in partnership with the Faculty of Life and Social Sciences at Swinburne University of Technology in Melbourne, Australia – we investigated the relationship between leadership flexibility and trust-based workplaces. We also examined the key components underlying a trust-based workplace.

We did this by surveying 582 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.

Before we discuss flexibility and trust in more detail and also 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

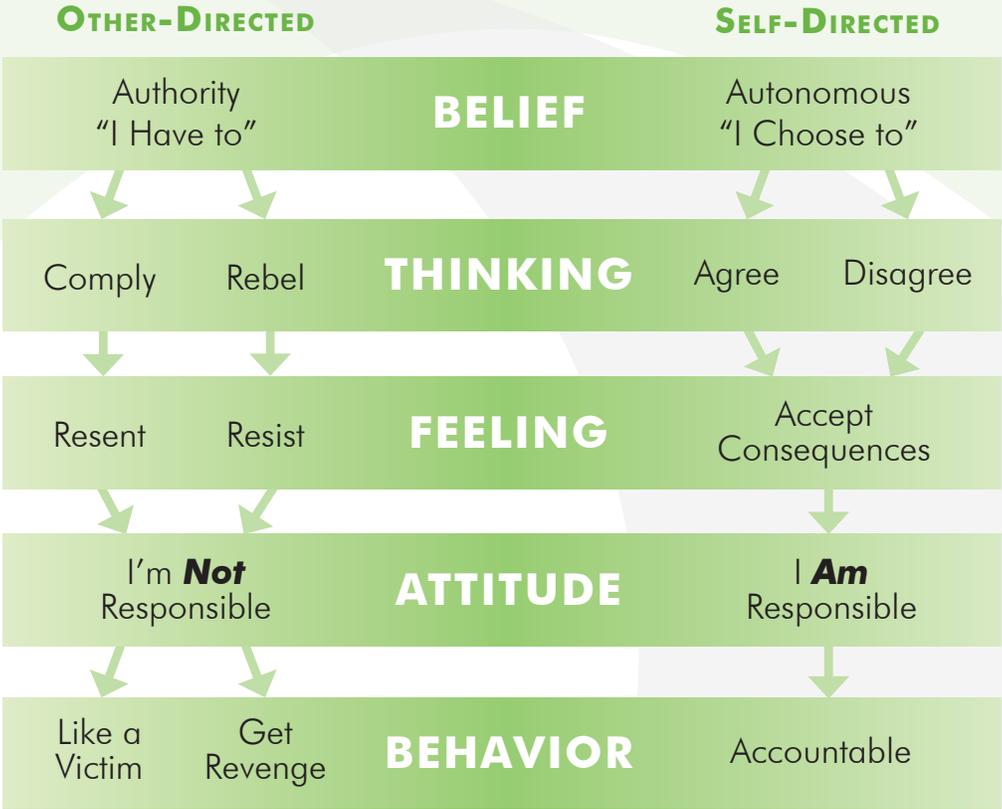
We can divide personal responsibility into two opposing outlooks: "other-directed" and "self-directed."

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 himself.

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 in following what the authority has requested. For the self-directed person, the belief is “I choose to.”

PERSONAL RESPONSIBILITY



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 though the other-directed employee will eventually complete the task, she will do it grudgingly, and only well enough to avoid trouble.

Whether other-directed people comply or rebel, their attitude is: I am not responsible. They either behave like victims, feeling sorry for themselves and complaining 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: employees may simply hold back on giving their best performance, for instance. But how much damage is wreaked on the organization's bottom line if large numbers of employees are other-directed 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 that they have a choice.”

Self-directed Behavior

The central difference between other-directed and self-directed team members is that self-directed people believe at all times that 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, then 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

Almost every leader in every organization we have worked with wants self-directed people. But even though that is what they want, many managers 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. Self-directed people need to have a choice.

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.

2. FLEXIBILITY IN LEADERSHIP

In our leadership seminars we often ask participants to talk about their experiences working with flexible and inflexible managers. As you can imagine the difference is quite stark. People see flexible managers as fair and easy to work with while inflexible managers are often described as intolerant and discouraging. When we asked, "who would you support as a leader?" the importance of flexibility in leadership became very apparent. Few people support inflexible leaders because the interactions between follower and leader often result in win/lose outcomes that ultimately damage trust.

Our Research Indicates a Strong Link Between Flexibility and Trust

Intégro's Flexibility and Trust Survey has enabled us to explore the relationship between a leader's perceived level of interpersonal flexibility and their capacity to build trust. The Flexibility and Trust survey is a 34 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 behaviors, both as perceived by others. We recently collected and analyzed the data from the 582 employees who had completed this survey.

The Importance of Warmth, Understanding, and Encouragement

The flexibility scale in this instrument was originally developed in 1973 by one of the founding members of Intégro, 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 of warmth, understanding, and encouragement that others saw them using when relating to them. 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 saw them using."

Leaders who are considered to be flexible tend to 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 tend, in particular, to demonstrate openness, have a capacity to deal with ambiguity, and also display willingness to compromise.

3. 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 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 Elements of Trust

The second component of the Flexibility and Trust Survey is the interpersonal trust scale. In 1973, Dr. Ralph Colby developed Intégro's survey on interpersonal trust as a means of measuring trust between individuals. Colby suggested that four elements 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 Elements of Trust

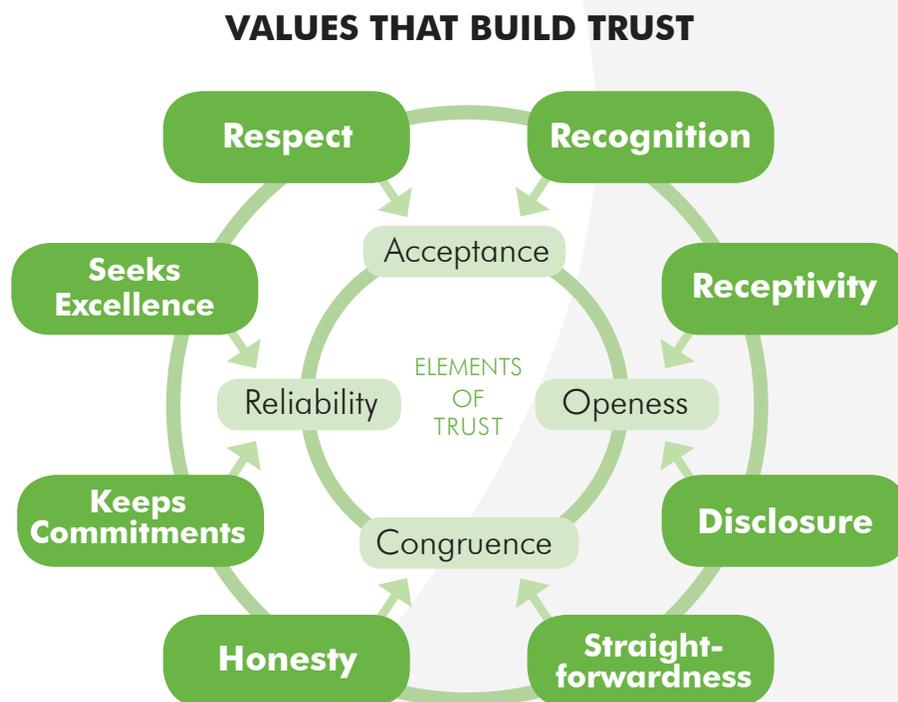
In recent years, we have further developed Colby's four elements of trust by suggesting that each of the four elements were

supported by two specific values that drive the trust building behaviors. We called these the Values that Build Trust:

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

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, and 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.

4. 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 closely linked, and cannot exist in isolation from one another.

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 managers' 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 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 to fail to let them know they are respected and appreciated.

Flexibility and Understanding Needs

A highly flexible person aims to satisfy mutual needs – constantly looking for opportunities for employees to grow and develop, which, in turn helps a manager achieve his goals. As a result there will be far more trust between management and employees.

One definition of flexibility is the ability to see others' needs as at least as important as your own. Some people say, "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!

Some leaders think their own needs are directly equated with the organization's needs and therefore are more important. The reality is quite different: the organization's needs cannot be satisfied unless employees' needs are met. Therefore, employee needs are at least as important as the leader's. Respect is just the starting point.

“The organization's needs cannot be satisfied unless employees' needs are met.”

The Passion Pyramid describes the five employee needs that result in increased proactivity and the leadership skills needed to satisfy these needs. High flexibility is vital for leaders who wish to accomplish these skills and build a team of proactive employees.



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What Does the Data Tell Us?

In our survey findings, we observed strong correlations between the flexibility and trust scales. Specifically we found that the three sub-scales that make up interpersonal flexibility – interpersonal warmth, understanding, and encouragement – were significant predictors of both aspects of trust: communication and consistency.

This suggested that a leader's perceived level of interpersonal warmth, understanding, and encouragement play an important role in building a climate of trust within the workplace. Further, we can extrapolate that if a leader fails to demonstrate warmth, understanding and encouragement, it is highly unlikely that a trust-based workplace will exist. And if this doesn't exist, it is also highly unlikely that proactive employees will be able to thrive. Indeed, they may either become "other directed" or simply leave.

When we examined manager's self-rating scores on both the flexibility and trust scales we observed some interesting trends. What we noticed was that managers, compared to their staff, underestimated the importance of encouragement, one of the three sub-scales of flexibility, in building interpersonal trust.

This should present a wakeup call for all managers to recognize the importance of providing encouragement to their employees and the impact this can have on their ability to build a climate of trust. Why? If managers do not value the importance of providing encouragement to their staff, they are unlikely to provide encouragement when it is needed most.

The employees who do not receive encouragement from their managers, especially when they need it, are likely to become discouraged. They may even disengage, damaging the quality of communication between managers and staff. The level of trust is likely to be adversely affected when this happens.

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 appears to be made up of three separate components: interpersonal warmth, understanding, and encouragement. Each of these is a strong predictor of interpersonal trust. Finally, our research tells us that managers underestimate the important role that providing encouragement plays in building interpersonal 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.



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