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Leading from afar

The new world of work calls for a more creative and adaptable approach to leadership

Employees join companies but leave managers, the saying goes. Executives surveyed by The Economist Intelligence Unit in 2019 appear to agree—they identified leadership and management as the most important factors shaping the employee experience within their organisations.

"Leadership matters hugely when it comes to the extent to which your people are engaged," says Randall S Peterson, professor and academic director of the Leadership Institute at London Business School." You can be in the best organisation in the world but if your boss is a jerk then your working life is bad."

Mr Peterson says the research is very clear: when people feel engaged they produce better outcomes. Engaged employees result in greater productivity, profitability, retention and customer perception.¹

The relationship between good leadership and employee engagement has been tested and strained over the past six months as businesses have been forced to adopt remote working practices due to the covid-19 pandemic. Global research firm Gallup reports that employee engagement in the US dropped from an all-time high of 38% in May to 31% in June, the most significant decline since it started tracking engagement in 2000. Gallup's findings indicate that a lack of clear direction from leaders has significantly contributed to this. For Mr Peterson, the fall is unsurprising: " I think right now people's sense of belonging is really hurting. How do you feel part of something when you're working at home from a kitchen table? It's very difficult."

Even as offices gradually and partially re-open in many parts of the world, few expect a return to office life as it was before the crisis—much more remote working and team distribution is expected. Leaders must learn to lead from afar.

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¹ https://www.gallup.com/workplace/231602/right-culture-not-employee-satisfaction.aspx

Sense and respond

Executives who adapt their style will be best positioned to engage employees. This will in turn be critical to the resilience and recovery of their organisations, suggests Sharm Manwani, executive professor of IT and digital leadership at Henley Business School. "It's going to need a different type of creativity, a different type of engagement," he says. "The rules aren't going to be laid out and you're going to need a creative approach."

Managers should avoid leaning too heavily on traditional transactional and transformational leadership styles, says Mr Manwani. These leadership models were originally theorised by James MacGregor Burns, a political historian and authority on the study of leadership, in the 1970s, with transactional leaders valuing order and structure while their transformational counterparts work to enhance motivation and engagement.

While Mr Burns considered these styles to be mutually exclusive, Mr Manwani believes effective leadership during the covid-19 crisis calls for a blended approach requiring ambidexterity. He argues that successful leaders have ensured transactional processes continue while also seeking out transformation opportunities.

"An ambidextrous leader combines both transactional and transformational styles," he says. "We've moved away from a situation where we go through a period of stability to a period of change and then back to stability. From now on, you'll have to constantly adapt your leadership style." Mr Peterson also issues a word of warning about relying too heavily on transactional and transformational typologies. He says managers should focus on the psychological needs of their team and refers to leadermember exchange, a theory that highlights how the quality of work you get from your people is dependent on the interpersonal relationships you develop as a leader. 2

Future leaders will need to focus on wellbeing. According to a survey by Mind Share Partners, a charity, 42% of employees globally report that their mental health has declined since the crisis began. Rather than undertaking infrequent performance reviews, leaders will need to coach their staff through regular conversations that encourage collaboration and establish accountability. Engendering a clear sense of direction is crucial for recently appointed younger workers whose only experience of line management is sitting on the end of a video-conference call.

A lack of clear direction from leaders has contributed to a significant decline in employee engagement.

Another potentially useful psychological approach to leadership, says Mr Peterson, is Self-Determination Theory, developed in the late 1970s and early 1980s. The theory identifies the importance of extrinsic motivations for work, such as praise and money, and intrinsic motivations, such as doing work because you find it interesting and engaging. For Mr Peterson, it is crucial that leaders in a post-covid age pay attention to intrinsic motivations. They must ensure employees know that the work they do really matters, especially in a socially distanced, postpandemic world.

While leaders are expected to make key decisions quickly in crisis mode, businesses are now past the stage of initial survival. Most organisations are focused on rebuilding, reconstructing and emerging from the pandemic as strongly as possible. Leaders who want to prioritise engagement must make sure employees feel as if they have a say in decision-making.

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Sharm Manwani, Henley Business School

Mr Manwani also encourages leaders to take a rounded approach to engagement. They should think of the ecosystem of people that feed into the decision-making process, from employees and freelancers to partners and suppliers. Successful leaders in the post-covid age will engage everyone in this ecosystem to ensure their organisations make better decisions. So rather than being a control freak, the perfect post-pandemic boss is going to be empathetic and understanding. They will ask questions and will be open to feedback from all quarters on how decisions are made. For those who have tended to lead through top-down control, adopting that new style of leadership is going to be a challenge—but it is one they must rise to. 3

Mr Peterson encourages leaders to experiment: "The best way to do that is to harness the energy of the people around you-that helps to further motivate and engage and get even better ideas. The best leaders and going back to their employees and saying, 'OK, this is the new reality, what do you think?" The great work-from-home experiment could be the starting point to develop this more open style of leadership.

For Mr Manwani, the shift to remote working is an opportunity for managers to rethink the relationship between leadership style and employee engagement. "Maybe we need to reflect on what we've learnt—if we're seeing enhanced productivity, is it just a short-term blip or is it actually as a result of these different types of engagement? Now, as a leader, you can't stop here; you've got to consider how to maintain and enhance employee engagement. Be prepared to adapt your leadership style accordingly."