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PEOPLE + STRATEGY

THE PROFESSIONAL JOURNAL OF HR PEOPLE + STRATEGY



Candor and Transparency in the Workplace

FEATURE

Tell Me Lies,
Tell Me Sweet Little Lies

EXECUTIVE ROUNDTABLE

How Leaders Create
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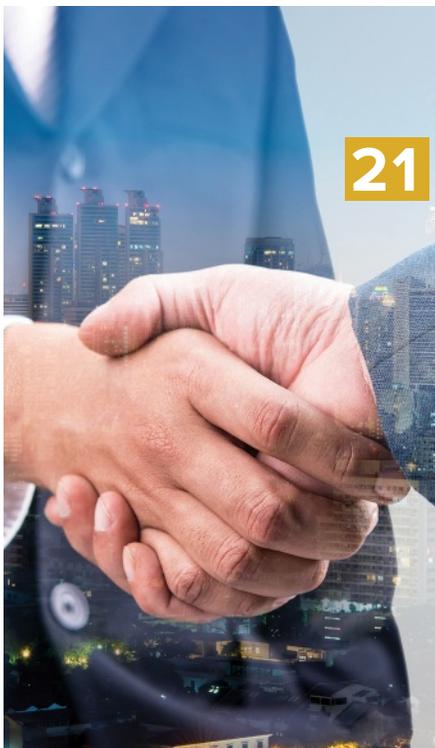
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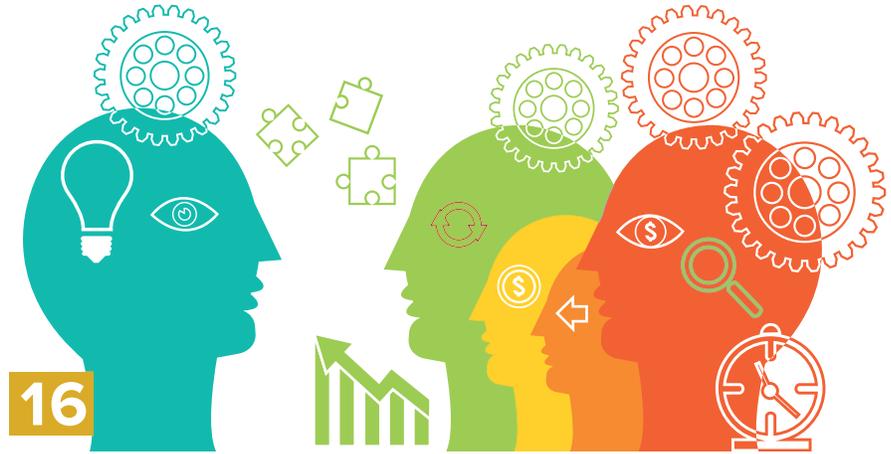
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From the Executive Editor



Expectations of Candor and Transparency

For anyone in the United States contemplating who they want to lead the nation, candor and transparency have become key attributes within our candidate evaluation. We ask ourselves, as does the media, who among the candidates can be trusted and how much; what substance lies behind the candor, and do we believe future actions will match today's words? Too little transparency leads to concern about some underlying agenda; too much candor is associated with a shoot-from-the-hip temperament, and pop assessments of being narcissistic or unhinged.

None of this is new to those of us steeped in leadership assessment, development, and succession planning. Our profession has a rich history of carefully looking at leaders, the situations they encounter, and how they respond when the opportunity to do so arises. Many of us have assessed candor and transparency among potential leaders, while others have actively coached executives and developed programs to drive productive candor according to the situation at hand.

Our concern for candor and transparency isn't limited to individuals; we look for this at an organizational level as well. Whatever you may think of the Consumer Financial Protection Board, its rise was partially due to a call for more transparency between financial organizations and their customers. The last time you purchased an automobile, you likely searched at least one website featuring transparency of pricing and fees. We may begin to think of candor and transparency as individual attributes, but quickly extend that to assess the credibility of organizations around us.

Pause for a moment of personal reflection: If you had the opportunity to build a new business from the ground

up, how would candor and transparency fit within your guiding principles? Once at the helm, how would you assess the potential risk of too much candor? How would you balance being transparent with ensuring you and your team don't give away company secrets and competitive advantage? What about fiduciary obligations to the company that require you to not share everything you know, outside select stakeholders? Clearly, this is not simply a black and white issue; more candor and transparency isn't always better.

If you had the opportunity to build a new business from the ground up, how would candor and transparency fit within your guiding principles?

This issue of *People + Strategy* places a spotlight on candor and transparency issues fundamental to all leaders and organizations. We are fortunate to have the collaboration of two guest editors, Bruce Avolio, Ph.D., a respected research scientist and authority on the topic of leadership, and Brad Winn, Ph.D., a leader in executive education and a member of our editorial board. Together they have assembled an exciting range of articles, case studies, research, and insights. I hope this issue of *People + Strategy* becomes a resource for you to discuss candor and transparency where you work and with colleagues across your own organization. ■■

A handwritten signature in black ink that reads "Marc Sokol". The signature is fluid and cursive, with a large initial "M" and "S".

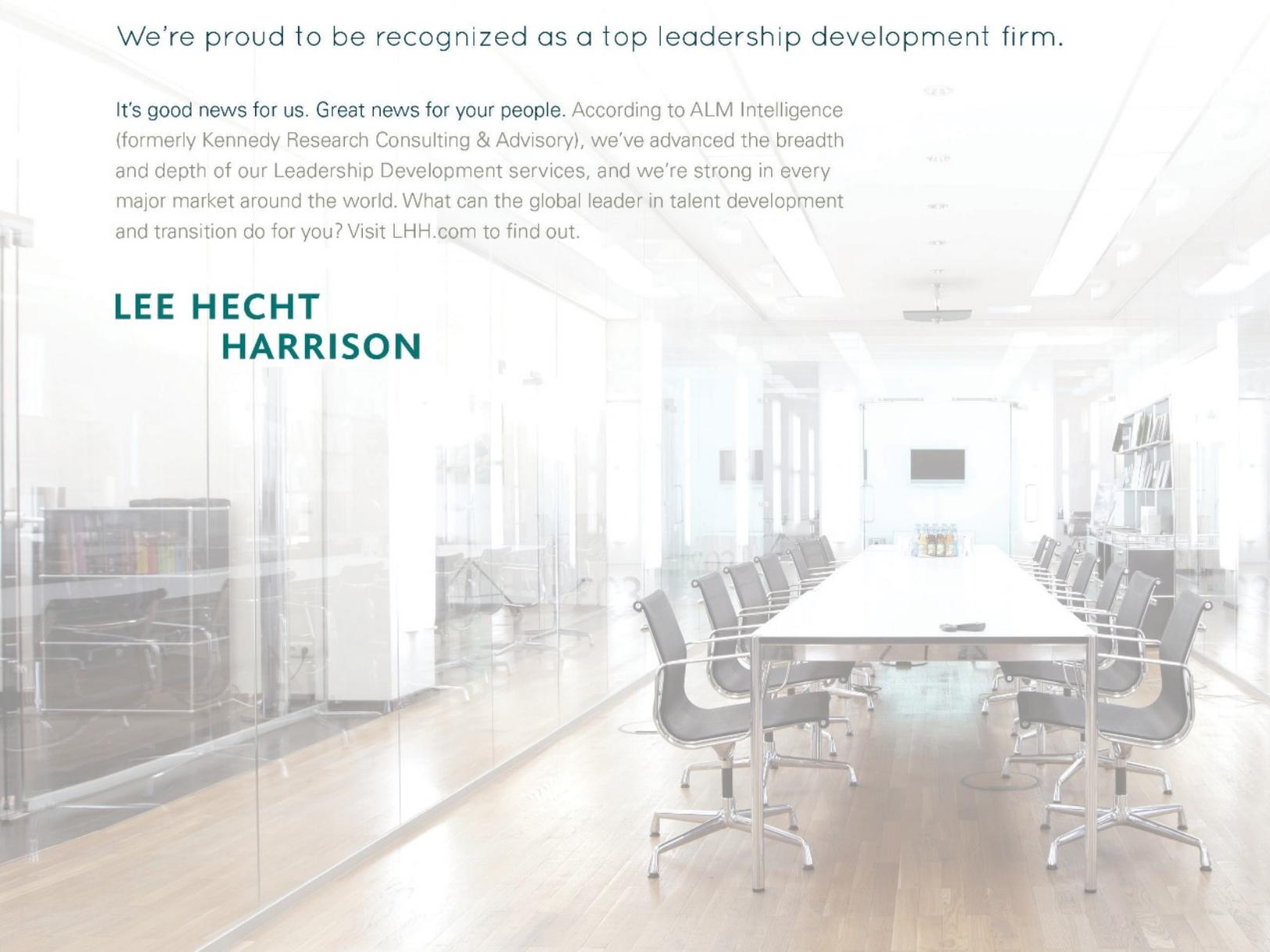
Marc Sokol, Ph.D.
Executive Editor

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From the Guest Editors

Is That What You Really Mean?

Practicing candor and transparency is simply the right thing to do, right? At first glance, this seems pretty basic—especially given the many leaders throughout the world who continue to lose our trust through misrepresentation and dishonesty. Yet, the science of authentic leadership becomes complicated quickly when real leaders in real companies try to put this into practice. In this issue of *People + Strategy*, we focus on whether transparency and candor are always good, more good than bad, somewhat bad, bad, or just downright poor judgment.

Inside This Issue

Perspectives Editor Anna Tavis brings together experts to provide a point/counterpoint column on how company leaders use the transparency of the Internet. From the millions of daily personal posts on Facebook, LinkedIn, and other social media sites, artificial intelligence (AI) machines are pulling back the curtain and analyzing, among other things, employee factors. It's surprising and somewhat alarming what they can see.

In the lead feature article, Bruce Avolio, guest editor and professor of business strategic leadership at the Foster School of Business at the University of Washington, clarifies the meaning of candor and transparency in the workplace. He shows how we can view these concepts as part of a broader constellation of leadership factors, which help to address the complexity of showing integrity via candor and transparency within organizations.

Dennis Baltzley and Jeff Lawrence, respectively of Korn Ferry and Organizational Agility Advisors, offer a candor and transparency checklist based on the results of a global leadership survey. They show that when organizations are purpose-driven, transparency is more likely to stay on track—informing people at the right time and with the right



Bruce J. Avolio, Ph.D.
University of Washington

“doses” of information.

Sophia Kristjansson and David Tashjian, respectively of Lexicon Leadership Group and Comcast Corporation, share a recent case study of how a leader evolved from being perceived as a bully to having a reputation of building consensus from a foundation of transparency and candor. In part, this change came about when the leader allowed himself to be vulnerable and authentic.

Jeff Pfeffer, professor of organizational behavior at Stanford University, provides a provocative article on the uncomfortable truth that candor and honesty in the real world are not always necessarily desirable nor are they the modes of operation for many successful leaders.

In the final feature article Allan Church and Christopher Rotolo of PepsiCo demonstrate that many of our fears about opening up with employees about where they stand may be unfounded, even if they are not listed as “high potentials.” This brings into question why only one-third of companies are transparent about their talent review processes and results.

In the In First Person column, Editor-at-Large Steve Steckler interviews the Internet transparency trailblazer Robert Hohman, founder and CEO of the popular web-based compa-



Bradley A. Winn, Ph.D.
Utah State University

ny Glassdoor. In this unique interview, Hohman discusses how Glassdoor reveals anonymous employee evaluations of companies and what he thinks ought to be the role of transparency in the C-suite.

Finally, the Linking Theory + Practice column discusses how authentic leadership can change the workplace. Editor-at-Large Hala Khayr Yaacoub reviews recent research showing how authentic leadership is more than “new wine in old bottles” and how it can be successfully used in the workplace.

Applying Candor and Transparency to HR

In many ways the world is becoming more transparent due to the unprecedented availability of information. Organizations can no longer exist in a cloak of privacy nor can their leaders. This issue is for leaders who want to understand more clearly how to be appropriately candid and how their organizations can thrive in a more transparent world. ■■

Bruce J. Avolio, Ph.D.
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The Transparency Paradox at Work

By Anna A. Tavis

This Perspective shines new light on the evolution of the transparency and privacy debate in the age of artificial intelligence (AI), also known as “machine learning.” Whether we call it “people analytics,” “HR metrics,” or any other data-related name, we are still talking about human behavior—recorded, aggregated, broken down, and served back to us as data. With the ubiquity of mobile devices and the always-on Internet, the moment of truth comes with the question of who is seeing our data and how it is being used. Take HR or management, what data should be used to recruit, appraise, promote, or dismiss employees? Take employees, how much of our private lives do we want our employers to know about and judge us by?

Ethan Bernstein opens the debate noting that with machine learning the very notion of “transparency” in management has taken on a new paradoxical dimension. “People say they value their privacy, but they don’t act that way.” He draws a distinction between “data fusion” that feels more like surveillance and top-down control and “personal data fusion,” which is about employees using their own data to improve their performance. The real ethical question for 21st century management becomes whether managers, peers, or HR teams can actually decide how much data they are willing to “*not* access for the sake of productivity.”

The Hogan Assessments team offers their psychological angle on the debate. Online behavior is still fundamentally human behavior, they argue, and “the difference between the 20th and 21st centuries lies in the ubiquity and volume of behavior,” broad access to data, and “the sophistication of tools to interpret the results.” The authors argue in favor of human nature that is “inherently social.” They are optimistic that humans will continue to “swim best in a world



of connection, relationships, status hierarchies, and groups.” The introduction of increasingly more powerful tools will help us tame technology in the service of even greater humanity.

Doug Cunningham, a developer who runs his own HR technology business, knows first-hand the power of data and the possibilities it offers. He cautions on the efficacy of the decisions that could be made deploying AI. We should not get carried away with what is technically possible, but rather focus on the boundaries that need to be placed on the data used. Cunningham calls on managers and HR professionals to join in national and global community conversations to collectively anticipate the future evolution of AI and be prepared to address the consequences.

Robin D. Richard adds to the exchange a compelling illustration of how the solution to the transparency paradox could be found in the human-centered design. Take the case of his company, CareerArc, which

provides personalized and on-demand outplacement services correcting for the fatal flaws of the brick-and-mortar outplacement firms, lack of privacy, and availability of choice. With the ubiquitous technology available to us, the service is scalable and democratic, addressing the need of the new economy for the ongoing career development options. The solution to the transparency paradox will be possible only when “products are designed to respect, not correct, the human instincts for privacy and safety.”

The final word in this discussion comes from **Christine Congdon** of Steelcase, an innovator in smart workspace design. Steelcase is optimistic about technology and sees it as an enabler that will take human performance to the next level of productivity and excellence. Taking its cue from the latest car design, she argues that if cars could actually help people be better drivers, then tech-enabled offices will help people be more productive and more connected workers.

This Perspectives comes full circle to conclude that technology is on its way to help humans be better humans, depending on how we use it and why

Anna A. Tavis, Ph.D., is Perspectives editor and an associate professor at New York University. You can connect with her on LinkedIn at [annatavis](#).

POINT

The Evolution of “Transparency” in Management

Get Me Everything You’ve Got on ... Me

By Ethan Bernstein

It’s startling—but no longer science fiction—how much information can be and is being gathered about employees at work. Fifty years ago, a typical manager might have periodically tracked a few numbers—revenue, expenses, customer satisfaction. Today, the workplace is bristling with monitoring software, sensors, and cameras. We label our workplaces “smart” because they are always observing us: a cocktail of smartphones, computers, fixtures with embedded sensors, and cameras collectively contain enough locational, audio, video, text, and activity data to produce an unfathomable set of digital breadcrumbs. And the more information management gets, the more it realizes it needs.

More Is More

More information not only calls for even *more* information, it also demands more information-processing power. No person or HR team could ever parse so much data, but people no longer have to. That’s why we have artificial intelligence (AI), or machine learning. AI can filter floods of information—from our email, apps, calendars, social media, Web browsers, news services, enterprise workflow apps, systems of record, monitoring devices, wearable sensors, video camera feeds—and *make sense of it*. All

in real time. While we humans can only handle so much data, AI systems get smarter with more information.

Our work lives are now full of examples. Google can use your past location and calendar data to predict your next client visit and help you avoid traffic jams on a trip you haven’t even told it you will be making. Siri can answer your questions with much greater ease and accuracy because she knows everything you have ever done with—or near—your iPhone (and its apps, microphone, accelerometer, GPS sensor, Bluetooth, WiFi, and so on), and when she hears you curse or sees you frown, she can ask you if she can help. Cortana can tell you to “ask me anything” because, chances are, the answer lies somewhere in the gigabytes of information flowing through—or stored in—your work computer. Even your office bathroom’s hand soap dispenser (enabled with RFID sensors which read your ID badge) can remind you, by name, to wash your hands before you return to work. This is not science fiction. Even in ordinary workplaces, substantially increased use of observation—“the act of careful watching and listening, or paying close attention to someone or something, in order to get information” (as the Merriam-Webster Online Dictionary defines it)—has become widespread over the last 15 years.

As I explain in my forthcoming article in the *Annals of Management*, these Big Data developments, while viewed as cutting-edge, are in fact the latest phase of a long evolution of observation in management. It’s pretty basic: you can’t understand, control, or change anything without observing what’s going on. During the Renaissance, it was an innovation to keep modern accounting records. Roughly a century ago, it was an innovation to observe scientifically exactly how workers did their work. A few decades later, it was an innovation to observe scientifically how workers worked together. Now it’s AI-enabled “transparency.” With each innovation, companies have learned more about how they could improve productivity—if they collected the necessary information.

Which Side Are You On?

Studying this history, I noticed that

there has long been something one-sided about it. It’s all conceived and implemented from the observer’s point of view: *We* need to know what *you* are doing. The more we know, the more we can help you do it better. But what about the observed? Are they willing to be so intensely examined? Does it actually help them do better? Or do they now clamor for “privacy”?

Management—including HR—has largely been able to brush these questions aside for two reasons. The law allows them to collect as much information as they can, as long as they let employees know they are doing it. And employees are letting them do it (just click “Agree”). This is actually somewhat puzzling. In what social scientists call the “privacy paradox,” people say they value their privacy, but they don’t act that way. Think of it. Most of us, even if the offer were made, would not sell our private information to a big, rich company for a paltry \$60. Yet Microsoft recently bought LinkedIn and what it bought—at \$60 per person—was all that information that 433 million of us put onto our LinkedIn pages. The same thing happened when Facebook bought WhatsApp for all its address books, and Facebook got away with paying only \$42 for each one. Not that any of us got a cent. If we value our privacy, why did we put all that information online for free, knowing that companies sell it to each other?

Even so, companies aren’t necessarily getting the free ride it appears they’re getting. It has long been known—and we know from our own experience—that human behavior may change when we know we’re being watched. As I explained in my 2014 *Harvard Business Review* article, “The Transparency Trap,” when we feel over-observed at work, our performance suffers. This can take two forms. One response is to just do exactly what the watchers want to see. Observers may get compliance, but they won’t get much innovation. We’re just not likely to try something different if we’re being watched to make sure we’re doing our jobs right.

Another response, no more to a company’s advantage, is to find ways to hide. Put employees in open offices

and they'll work from home—and feel more productive. Track more data, and they'll find a way to stay under the radar. Monitor their work smartphones, and they'll get a second one, as many people do. Make all written work accessible, and people will stop writing things down. Track email, and they'll use Slack instead. These are all real examples. So rather than learning more, management may end up learning less, or even learning things that aren't true.

Let “Us” Have the Data and You Can Have the Results

Must all this incredible data-gathering and data-crunching ability go to waste, then? I don't think so. It just needs to be rechanneled. When entrepreneur David Brunner was conducting his doctoral research at Harvard, he observed that organizations can deploy AI either to help them improve their employees or to help their employees improve themselves. The first approach is standard *data fusion* and to employees, it feels like surveillance and control (even if you might call it “people analytics” or “transparency”). The second approach is called *personal data fusion* and to employees, it feels like coaching, mentoring, and self-improvement. It's for *them*. The company provides AI to gather and process information which *you*, the employee, own and which *you* can use to improve *your own* performance. You become a more valuable employee—which of course can be rewarded by the organization. You are also likely to feel more loyal. Thus, the company gets the results it wanted, not by taking, but by helping its employees give.

In that sense, AI presents an amazing opportunity. Whereas being observed by a person can feel like an invasion of privacy, it doesn't if the “observer” is a machine—the data stays personal so long as another *human* doesn't access it. And if the machine adds value to how we do our work (like with LinkedIn and WhatsApp), we give willingly. But at work, this only works if the data stays personal—i.e., out of the curious hands of another human being. Yet putting together a business case for privacy is far from easy in a world blindly enamored with transparency. So

whether you are manager, peer, or HR team, the real question about transparency in today's workplace is how much data are you willing to not access for the sake of productivity?

Ethan Bernstein, Ph.D., is assistant professor at Harvard Business School and author of *The Transparency Trap*. You can find him on Twitter @ethanbernstein.

Data Fusion Is Unlikely to End Life as We Know It

By Dave Winsborough,
Darko Lovric, and
Tomas Chamorro-Premuzic

A few years ago, when Cambridge University researchers demonstrated that your Facebook likes could be used to predict your sexual orientation, voting preferences, personality, and even IQ, the world erupted in a frenzy of outrage and concern, and governments everywhere responded with new laws limiting the use and sale of your private data.

No they didn't. Nothing much happened at all. There were news stories, mild wonderment and a smattering of online chat, but the net effect on online behavior was precisely zero. Facebook continued its stratospheric growth, and while a few thousand people may have tightened their privacy settings the net impact of knowing that Facebook could know everything about you was a collective, “meh.”

Most users of social media acknowledge that there is a tradeoff between what you give (access to lots of personal data) and what you get (free search, a free platform to follow celebrities, and the largely unfulfilled promise of relevant ads).

Nor do they seem to mind that these data are used to evaluate them. For example, employers and recruiters use social media to evaluate job candidates, and at least one business, LinkedIn, was designed and built to capture user profiles to monetize recruitment and search at a global scale. Our own research and that of others shows that younger people expect that employers peruse their online

lives and are comfortable with being evaluated in that way. Employers regard it as a method for “discovering the applicant's true self.” After all, online behavior is still behavior and people take as many pains online to curate an image of themselves as they do offline. When social media users decide what images, achievements, musical preferences, and conversations to display online, the same self-presentation-dynamics are at play as in any traditional social setting.

Burnishing one's image online has even been taken as a right, insofar as the European Union allows citizens to hide links to images or posts that do not fit the reputation they want to portray online. Consequently, people's online reputation

The fragmentation of tools to merge these data, and the changing fashions between applications and formats means that there isn't a master algorithm that binds our fragmentary digital traces into a coherent whole, a digital twin, who contains our thoughts, emotions, and actions.

is no more “real” than their analogue reputation; the same individual differences are manifested in virtual and physical environments, albeit in seemingly different ways. It is therefore naïve to expect online profiles to be more genuine than resumes, although they may offer a much wider set of behavioral samples.

The difference between the 20th and 21st centuries lies in the ubiquity and volume of behavior that is captured, by the breadth of those with access to those data, and by the sophistication of tools to interpret the results. Right now, the fragmentation of tools to merge these data, and the changing fashions between applications and formats means that there isn't a master algorithm that binds our fragmentary digital traces into a coherent

whole, a digital twin, who contains our thoughts, emotions and actions.

You can bet good money that in the future our digital selves will have personalities that are accessible to anyone who cares to look. It will be, possibly, an age of true digital transparency.

Yet when Socrates exhorted us to “know thyself,” it is doubtful he considered a world where companies (read your employer, or Facebook, or Google) know us better than we can know ourselves. That opens two scenarios for the future.

In the first we lack agency over our digital selves. Our personal data is owned instead by the hardware and software we use and sold to the highest bidder. Anonymity and privacy are in demand but very expensive—but there is no practical opt-out for ordinary people. In this world our every engagement with the digital world creates food for marketing and social engineering of Machiavellian/Oswellian proportions.

In the second scenario, our personal data is ours. New companies have emerged to allow us to “bank” our data and “lend” it to corporations. These companies have the opportunity to allow our digital selves to become our agents and avatars, revealing our preferences for specific purposes. We’ll have as many digital selves as required, ensuring fragmentation works for us instead of against us. Importantly, these companies can use our profiles for both self-insight and growth, helping us lead more authentic lives but preventing others from using this information to manipulate or game us.

Humans are inherently social, and we swim best in a world of connection, relationships, status hierarchies and groups. Technologies that emerge from human activity are still fundamentally human. Through history, social technologies have been decried as destructive (cellphones were predicted to destroy face-to-face interaction; rock and roll would usher in the end of days; and video games would stop children from exercising). Personal data fusion is very likely to happen. The world is very unlikely to end.

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Applying AI

By Doug Cunningham

The business world is buzzing with visions and promises of how artificial intelligence will radically alter companies. The potential is real. The number of workplace data sources is growing at a breakneck pace, and so is our ability to store, process, and draw conclusions from this data.

The result: an unprecedented opportunity for AI to uncover patterns and associations that yield perspective and insights on our workforce. Areas such as employee engagement, workplace health, talent acquisition, and productivity are all positioned for dramatic change.

Tread Carefully

We have already witnessed rapid developments in the consumer technology market. Apple’s Siri, Google Now, and Microsoft’s Cortana are becoming smarter every year. Most of us welcome the advancements and gladly yield our privacy in exchange for the benefits.

But applying AI in the workplace exposes companies to a different set of risks, and leaders must take great care to protect their employees and businesses. Companies have a responsibility to protect the privacy of their employees and ensure they are not discriminated against.

Privacy. When sufficiently powerful AI crunches vast quantities of data on web searches, emails, chat messages, calendar events, mobile activity and more, it has the potential to learn personal information that employees never intended to share with their employer. One could argue that employees should

take care in using company systems for personal use. But anyone who has worked in a corporate setting knows that consistently separating work and personal is near impossible.

Is it acceptable if AI learns that an employee has financial problems? Is expecting a child? Has a sick family member? With sufficient data, these aren’t difficult to figure out. A watchful manager might draw similar conclusions. AI can watch everyone all of the time.

Discrimination. The real power of AI is to do something with what we have learned, and this is where businesses need to be even more careful. Julia Angwin recently presented the results of a study analyzing the output of software in wide use across the country to predict future criminal behavior. They uncovered a racial bias that had previously gone undetected.

Businesses leveraging AI need to approach this with utmost diligence, lest a recruiting chat bot wrongly reject a specific group of applicants or a performance system unwittingly develop a gender bias.

What to Do

So how do we ensure that we don’t learn things we shouldn’t? Or make decisions we shouldn’t? Should we run from AI? Of course not. But we should be very thoughtful and considered in how we build and deploy such systems.

To start, artificially intelligent systems in the workplace must be built not only considering the possible but also the allowed. The vendors behind them must develop safeguards to monitor their results and detect breaches of privacy and unintentional discrimination.

Second, managers and executives deploying such technology need to be cognizant of the risks and how they use the technology. They need to set clear guidelines around acceptable use and communicate these to employees. They need to work closely with vendors to ensure that any technology deployed aligns with the expectations of the business.

Last, we need continued discourse on the challenges and opportunities. The White House Office of Science and Technology Policy this year hosted pub-

lic workshops to prepare for the future of artificial intelligence. Other efforts are under way as well. Management and human resources executives should participate in these groups to expand their view of the possible, but also understand the risks and concerns.

Doug Cunningham is CEO of Uppercase HR, an agile performance management software company. He can be reached at doug@uppercaser.com.

The Paradox of Innovation and the Currency of Trust

By Robin D. Richards

Bernstein's writings on privacy and personal data reminded me of the unintended paradoxes that can sometimes result from product innovation and design. Much like in his article, *Big Brother Vs. Personal Data Fusion*, where he offers the example of modern CRMs that come with the promise of delivering more useful and transparent data to sales organizations, but may in reality encouraged secrecy in the salespeople they were designed to assist—we found a similar paradox in our study on workplace flexibility.

When we surveyed over a thousand working professionals on their work-life balance, telecommuting arrangements, and wellness benefits, we found that one in three working Americans felt obligated to answer work-related calls and emails past regular working hours. With the company-issued smartphone tethering modern-day workers to the virtual desk, it appears that time saved by many employees from using the technology initially designed to make work and life more efficient, often ends up overtaken with more work. However, it is important to note that it is the person who, shaped by their culture and standards of practice, decides to rededicate those hours to work, and not the innovation itself, that causes the paradox.

As human capital software and service providers, we at CareerArc think about these types of decisions every

day. Developing technology for people who manage teams, recruit talent, and transition employees, we build each new product platform or feature with a people-centered approach to design. An area we have applied this focus is one where technology actually *supports* the human instinct for privacy and safety, and that is in our approach to modern outplacement.

Many of today's outplacement services, which are benefit given to laid off employees to support their job search and transition, still follow the brick-and-mortar model born out of the 1960s: They typically include the provision of physical satellite offices where coaches conduct resume and interview preparation in-person. But for companies downsizing, this model can be costly and increasingly underutilized, effectively reserving outplacement for executives and upper-level employees and excluding those in entry-level to middle-management who could arguably most benefit from assistance. We immediately saw the need for a tech solution that could impact more people.

Designing with our end-user—the exiting employee—in mind, we aimed to correct the two design flaws in the brick-and-mortar approach that were similar to the flaws Bernstein found in many data and enterprise tools today: the neglect of the human instincts for safety and privacy, and the omission of choice (forced opt-in, and so forth).

Knowing job loss and career transition can be one of the most challenging moments in a person's life, we learned through customer interviews and feedback that privacy, safety, and autonomy were very important for those undergoing this change. By delivering career assistance content and virtual coaching through an online platform, we strived to create a safe space for these new job seekers to brush up on their resume writing and interviewing skills, take self-assessment tests, explore new career interests, and even video chat with a coach all in the privacy and convenience of their home. Most importantly, users are given full autonomy over their time and priorities; they decide what to do first, when to do it, and whether to opt-in at all. Through this approach, we are seeing employees land jobs three

times faster than the national average time it takes to find employment.

Whether it's moving from an offline note-taking system to the sales CRM in the cloud, or transitioning from face-to-face outplacement models to on-demand video sessions with a career coach, the core issue here is trust—the real currency in today's increasingly con-

The core issue here is *trust*—the real currency in today's increasingly connected and surveilled work life.

nected and surveilled work life. Personal data fusion, a system that can strike that perfect balance between data privacy and transparency, is possible only when products are designed to respect, not correct, human instincts for privacy and safety.

Robin D. Richards serves as chairman and CEO of CareerArc, a leading HR technology company powering employer branding solutions that help business leaders recruit and transition the modern workforce. He can be reached at r-richards@careerarc.com.

Technology Drives the Well-Being of People

By Christine Congdon

Offices would be better places to work if they could learn from cars. New car models are embedded with technologies that make driving easier, safer, and more fun. Sensors tell drivers if there is a truck in their blind spot, or if they are about to back into another car when parking. The car doesn't just provide transportation anymore—it actually helps people be better drivers.

People used to think that technology would make offices obsolete—but the opposite is happening. In the near future, technology will be embedded in offices so it actually helps people work better and makes the workplace even

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more relevant. Like cars, a network of sensors and other technologies in the workplace will help make work a much better—and more humane—experience. Technology will serve individual workers, teams, and organizations. It will help people cope with the sense of being overwhelmed that they often feel as work intensifies and the pace of change accelerates. This data will also help organizations design the kinds of spaces that workers love to work in versus have to work in.

Companies that want to create great workplaces can benefit from this embedded technology to help individual workers and teams, and they can also draw from the data that is generated. Design, facilities, and real estate professionals can make better decisions about where to focus their efforts if they have a data stream to tell them which rooms are always busy and which rooms are ignored. With this information, orga-

nizations can better understand what's working and what's not, so they can

The challenge with technology in the workplace is making it meaningful to the employee.

make the best workspace possible.

The challenge with technology in the workplace is making it meaningful to the employee. It should help them cognitively off-load some of the tasks they have to think about today, and leverage new technologies that will be embedded in the physical environment to make their work lives easier and more productive. When smart and connected spaces are enabled in the office in an intentional way, people can more easily navigate the complexity of work

today and reduce their stress.

When objects, like chairs or rooms, can sense the environment and communicate, they become tools for understanding complexity, identifying opportunity and responding to needs swiftly. The work environment itself will become a tool for creating more productive, engaged employees who are in control of their surroundings and able to choose what they need to accomplish their tasks.

Just as technology in today's cars is improving the driving experience, tomorrow's office will harness the power of emerging technologies and allow people to more easily navigate the complexity of work as well as help organizations create better work experiences for individuals and teams. ■■

Christine Congdon is global director of research communications at Steelcase. She can be found on Twitter @cscogdon.

The right leaders unlock potential



Every leader has a particular style. Some leaders excel at providing top-down direction, while others are better at engaging employees in the decision-making process. What type of leader does your organization need to unlock its full potential?

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Candor and Transparency: Aligning Your Leadership Constellation

By Bruce J. Avolio



We tend to examine leadership as being either at one end of a continuum or another. Is your leader charismatic or dull, ethical or unethical? Perhaps we have conditioned ourselves to think in these bipolar terms based on how we have interpreted our individual differences, such as one's personality (extravert or introvert), psychological state (positive or negative) or mood (happy or sad). This leads to a fundamental question that must be addressed in this issue: How should we examine what transparency and candor are? And equally important, what are transparency and candor *not*?

For example, is the opposite of transparency not saying anything, or is it making things up that are not true, and then sharing that information openly with one's organization? Ken Lay of Enron fame, routinely reassured his employees of the firm's viability, encouraging them to continue to invest their money in Enron, even while he divested his own investments (McLean & Elkind, 2004). Let's assume his behavior was not transparent. However, what if Ken Lay refused to comment on the financial viability of Enron? We might also see that as not being transparent. In the first instance, we might judge his lack of transparency as representing a lack of behavioral integrity—where words and truth do not align. Leader behavioral integrity means that you are consistent with what you say and then with what you do.

In the second instance above, not commenting may mean a lack of transparency or candor, but not necessarily a lack of behavioral integrity. A CEO may not comment on the long-term prospects of an organization for lots of good reasons, although we know in hindsight that was not the case in terms of Lay and Enron,

since he and members of his executive team bankrupted the firm.

Glenn Kelman, the newly hired CEO of Redfin, was building a company to upend the real estate business. Redfin's value proposition was to return two-thirds of the 6 percent commission given to the agent back to the customer after a house was sold. Customers loved this idea, but real estate agents were delaying the closing of deals and were furious about this change in compensation. Early on, Redfin's CEO tried to keep the agent's dissatisfaction quiet, because he was concerned that customers would perceive these agents as operating against their self-interests, perhaps dooming their business from the start. Was Kelman being transparent and candid? Most would judge him as not being transparent or candid. However, was he acting with integrity in terms of the interests of his company, his customers, and his agents? Since it is not clear what he established as his principles for addressing this conflict of interest, we can't be sure. Absent examining how transparency or candor relates to a leader's behavioral integrity, we can come up with many different interpretations of whether a leader is being transparent or candid.

Another issue that needs to be addressed in this discussion of transparency and candor involves what constitutes the level at which we should examine these concepts. For example, should we examine transparency as being unidirectional and linked to how an individual leader communicates information to a follower (Rogers, 1987)? Or, is it more appropriate to examine transparency and candor in terms of the actual relationship that exists between a leader and follower (Vogelgesang & Lester, 2009)?

Alternatively, should we focus on the level of transparency and candor among groups, from one individual leader to many other individuals in his or her organization, and in terms of the climate and culture of an organization (Norman, Avolio & Luthans, 2010)? These are important questions not only when defining transparency and candor, but also in terms of the boundaries that need to be placed on examining these concepts and the impact on individuals, groups, and organizations. To date, these boundaries have largely been overlooked in discussions of candor and transparency.

Broadening Our Aperture

Using the celestial stars as a metaphor, it may be useful to think about candor and transparency as part of a larger constellation of leadership concepts. For example, one day, the head of Apple Mobile was brought into an auditorium to experience a *transparent and candid* discussion with the then-head of Apple, Steve Jobs (Isaacson, 2011). Jobs excoriated this manager and his team in front of a large auditorium of colleagues for what Jobs considered to be totally unacceptable performance.

Was Jobs being transparent? Yes. Did he show candor? Maybe. Was his behavior considerate, developmental, inspiring, transformative, or even ethical? His behavior was not, but we also don't have a complete picture of what actually transpired in this "leadership episode." Let's speculate. Perhaps for some, but not all Apple employees, Jobs'

behavior was neither transparent nor candid, but rather abusive. Whereas for others, his behavior could have been interpreted as serving to demonstrate that Jobs was willing to call out bad performance, directly in line with one of his principles, "be tough with your top players." With this second interpretation, one might conclude that Jobs was exemplifying a higher level of behavioral integrity—where actions matched words (professionalism notwithstanding).

To advance our conversation about transparency and

You cannot fully understand a leader's actions without understanding his or her intentions, as well as how the recipient interprets those actions, the context in which the exchange occurred, and the impact it had on others.

candor, there are issues regarding the leadership episode above that we need to unpack. First, we need to clearly define what constitutes *demonstrating* transparency and candor. Second, we need to examine how those concepts connect to other leadership concepts to fully account for the leader's actions. Third, leadership involves an interaction between a leader and follower, which may impact how transparency and candor are interpreted. Fourth, all of these interactions are embedded within some context. Consequently, you cannot fully understand a leader's actions without understanding his or her intentions, as well as how the recipient interprets those actions, the context in which the exchange occurred, and the impact it had on others. These are the very basic elements that help us to interpret a leadership episode.

Now, consider another leadership episode in terms of the considerations above. A surgical leader challenges a chief resident on his team after completing a successful operation. The leader in this episode directly criticizes the chief resident in front of his first-year residents for not fully reviewing the patient's history because the chief resident had recommended a drug that would kill this patient. The surgical leader was completely transparent with the chief resident in terms of what he didn't do, what he suggested, and what would have resulted from her actions. The chief resident didn't verbally react to the surgeon's comments and nodded affirmatively, when asked, "Do you think we would have killed this patient?" How different is this interaction versus the one described above at Apple?

The surgeon established with her chief and his fellow residents from the start of their residency that she does an after action review (AARs) following surgeries, whether they are successful or not. This surgeon has referred to the estimated 200,000 people that die in U.S. hospitals each year due to medical errors, and emphasizes that health care pro-

viders must learn from the commercial aviation industry's focus on safety to develop systemic processes for reducing errors (Lieber, 2016). The surgical leader frequently refers to her three debriefing rules regarding how her surgical team must function:

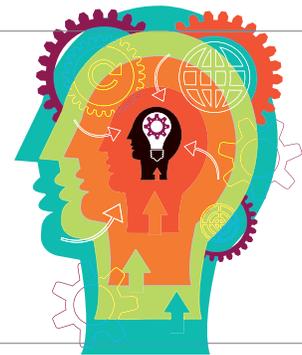
- What was the intent of the procedure?
- What went right or wrong?
- What could have been done better?

In previous AARs, the surgeon noted that this chief resident had missed some details in the patient's histories. The chief resident had consistently said in AARs, "Here is what I can do to improve my review process of each patient's history," but then the chief resident's intentions were not matched by his

ency as authentic individuals. Candor, similarly, relates to these leadership concepts in terms of leaders who are open, honest, sincere, and frank in their interactions. Such leaders are expected to convey to their followers what they know while displaying a high level of congruence between words and deeds. Leaders who achieve a high level of behavioral integrity are those who connect their expressed values to behavior and actions and are then seen as more authentic and genuine by others (Avolio & Walumbwa, 2006; Simons, 2002).

To highlight the importance of behavioral integrity to how we interpret transparency and candor, let's examine what happened in 2015 with NBC news anchor Brian Williams, a highly respected journalist and leader in the field.

We now need to discuss how transparency and candor fit into a broader matrix of leadership constructs or concepts that range from positive and generative styles of leadership to more abusive and unethical.



behavior. After the last AAR ended, the chief and his first-year residents debriefed, where he turned and said with candor, "I didn't meet our expectations nor my own, and that is not the standard I want to set for each of you."

Of course, the same episode above may have transpired completely different. Let's say this surgeon always has a problem with her chief residents. This particular surgeon also brings in millions of dollars to a financially struggling hospital system. She has been repeatedly admonished for downright abusive behavior, and has received several warnings from the chief medical officer of that hospital. However, this surgeon knows that if the medical board revoked her hospital privileges, then a lot of revenue will go out the door with her, so she doesn't feel there are any consequences for this so-called bad behavior, which she feels is justified.

So let us broaden the aperture of our lens in terms of how transparency and candor work in such episodes, as well as how they might impact how leadership is viewed by the leader, follower, peers, supervisors, clients, and in the above case, patients. We now need to discuss how transparency and candor fit into a broader matrix of leadership constructs or concepts that range from positive and generative styles of leadership to more abusive and unethical. Before moving to these specific points, let us examine how other authors have viewed transparency and candor.

A Thin Base of Knowledge

The literature on authentic leadership emphasizes those who are highly moral or ethical, self-aware, just, and balanced in how they make decisions and how they exercise transpar-

In 2015, Williams was chastised for his accounts of a combat mission during his coverage of the Iraq War. Williams stated the helicopter he was in came under attack and was shot down, despite accounts from soldiers in the same helicopter with Williams who stated the helicopter never crashed. Once Williams' account was discredited, his ranking among the "most trustworthy" people in the United States dropped 812 places (Engel, 2015). Indeed, he went from being the 23rd most trustworthy public figure in the United States, up there with Warren Buffet, to a more humble place alongside *Duck Dynasty* reality TV star Willie Robertson.

We can examine the Williams case and conclude he was not being transparent nor candid nor even truthful. However, we know that in the "fog of war," many people recall things that never happened. We could then ask, "What was Williams' motivation for saying the helicopter crashed"? What aspects of the situation that day, or more broadly in his role as a respected journalist, motivated him to lie about what happened? Is it possible that he was trying to bolster his credentials as a journalist, not for self-gain, but to demonstrate how risky it is for journalists to be an embedded reporter? Though we will probably never know the full answer to his motivation, the point is that individuals serving in leadership roles establish a pattern of behavior upon which we judge their next action or behavior. In Williams' case, we have now learned that in prior situations, he had embellished what happened, so perhaps there was a pattern of not being transparent, not being candid or not showing a high level of behavioral integrity. It also leaves people to wonder what else he may have embellished in past news reports.

Kernis (2003) suggests some additional complexity by stating that transparency “is relational in nature, inasmuch as it involves valuing and achieving openness and truthfulness in one’s close relationships.” This definition suggests that transparency and candor are each perceived by the recipient and observers based on the nature of the relationships that have been formed, as well as the context in which those relationships are enacted. Was there a high degree of trust in the relationship, going back to the surgeon and chief resident example? Does the target of such transparent feedback view the leader as ethical, concerned, developmental, just, self-aware, and fair? How about the climate and culture of the hospital, what does it signal about transparency and candor? And was Jobs’ behavior in line with his expressed principles in the situation with the mobile executive’s team’s performance? You can now see that how we interpret what constitutes being *transparent* or *candid* moves us into a constellation of other leadership concepts to facilitate how we make sense of the so-called transparent exchange.

Unfortunately, the complexity of how transparency and candor are interpreted requires that we discuss another piece to this puzzle, which includes the context. For example, in an extreme leadership context where risk and danger is high, a transparent and candid exchange may save lives, and could be something any follower or leader would be expected to do. In the physician’s case, if the surgeon had established AARs were a means of getting to ‘ground truth’, then were his actions developmental, punitive, or abusive? Alternatively, in a stable, safe and easily understood context, a blast of transparency and candor may be deemed inappropriate, rude, harmful or perhaps totally unnecessary, except to bolster the leader’s control over others.

If the climate of an organization is “psychologically safe,” then being transparent may constitute normative behavior, which is considered acceptable with relatively little chance of negative consequences (Edmonson, 2006). In such climates, people feel more comfortable speaking up. If the climate is not psychologically safe, and every exchange was closely scrutinized for misinterpretation and manipulation, then being transparent or frank may coincide with much higher risks. The same is true of an organization’s culture in that if the culture is highly dysfunctional, where people have little trust in one another, how a leader’s transparency or candor are interpreted will be different versus a culture that promotes and rewards harmony, honesty, integrity, openness, and concern for others (Tapscott, 2012).

Gabe Newell is the founder of Valve, a game company in Seattle. According to Newell, Valve has grown 50 percent each year, year over year, and brings in more revenue per employee than both Apple and Microsoft combined. One of its core principles is for employees to be transparent and take ownership for their work. However, although Valve promotes transparency, it is not either transparent or not. Employees can allocate 100 percent of their time to any project they feel is valuable to Valve’s customers (Bernstein, 2014). When they start work on a new product, they create teams called cabals. Once formed, employees can move their desks into their cabals to work openly with each other.

Within these cabals, there is a much higher level of transparency than there is across the company.

Valve’s culture represents some of the challenging nuances associated with how we interpret transparency and candor in terms of how we define it, (individual, relational, team, organizational culture). When a smaller team or cabal forms, there may be a high level of transparency in one team versus other teams where it is low. Why? By not being transparent at the outset, the cabals will have time to formulate their ideas so that when they do go public within Valve, they can better defend investing in a new product or service. As the cabal grows, a broader range of individuals and groups will learn about the new idea or product. So, is Valve promoting transparency and candor in its culture? Yes. We might even say it is more realistic and practical to think they can have transparency and candor in these cabals and not to expect the entire organization to be as transparent and candid.

In the Israeli command system, there exist explicit standards of conduct, one of them being that soldiers are to question any command that does not make sense to them. This level of candor and transparency is wired into the culture. A commander may give an order to a group of soldiers only to find out they want to know why they should comply with that order. These soldiers are being transparent and candid with their leader. The leader in turn may be very transparent and candid, explaining exactly why the soldiers need to comply with the order. After a fair bit of discussion, the soldiers typically go forward with the order, or the commander may alter that order based on the exchange.

In the U.S. military, one might also find a similar level of transparency and candor. For example, officers are encouraged to share the commander’s intent when expressing an order. By doing so, they are opening the door for their soldiers to ask questions to understand its meaning. The commander may ask soldiers to simply achieve the intent, and then enable them to choose what they consider to be the best course of action.

These examples suggest there may be an optimal level of transparency or candor for different individuals, groups, organizations, situations, or contexts. Consequently, it is difficult to determine where that point of optimum level exists and why it exists there and not somewhere else. By including the leader’s intentions, the follower’s intentions, and the dynamics of the context, we end up with a more valid assessment of what actually happened, why it happened, and what consequences are expected. Transparency and candor may be more context sensitive than other leadership concepts in terms of how their impact on individuals, teams, and organizations are interpreted.

The Importance of the Leadership Triumvirate: Integrity, Transparency, and Candor

Prior leadership research (e.g., Bass & Steidlmeier, 1999; Quigley & Hambrick, 2014) on high profile scandals ranging from financial manipulations in banks to known faulty products in cars (e.g., Edelman, 2016; Shaw, 2015) has underscored the importance of leaders demonstrating their integrity, transparency, and candor (Meyer & Kirby, 2010). Higher

How we interpret what constitutes being *transparent* or *candid* moves us into a constellation of other leadership concepts to facilitate how we make sense of the so-called transparent exchange.



levels of perceived leader integrity are linked to leaders who demonstrate they are not hiding anything (Clapp-Smith, Vogelgesang, & Avey, 2009; Macik-Frey, Quick, & Cooper, 2009). When leaders engage in transparent communication by asking for information, following up on suggestions, and acting on criticism, followers perceive alignment between the leaders' words and deeds (Simons, 2002).

Practical Considerations

We need to widen the aperture of the lens we view leader transparency and candor through, considering the relationship between leader and follower/peer/supervisor and the context in which that relationship occurs to fully understand the effects of transparency and candor on those relationships. Equally important is time, in terms of whether transparent or candid acts are delivered at the outset of a relationship, or when there is a firm foundation for each to have a positive impact. Also, across different industries, where the risks of failure vary, there are different thresholds for being transparent and candid.

What does this mean for practice? Across all situations, challenges, and relationships, ultimately it is more effective to be more transparent and candid than not. Yet, we have to develop our leaders, teams, and organizations to recognize that they should collect more data on how a leader interacts before judging whether he or she is being transparent or candid. This other data is the constellation of leadership concepts and contexts.

We cannot say the sharing of more information will always produce the optimal result. Tony Hsieh, CEO of Zappos, has advocated a more transparent culture that is not bound by structure and position. He contends the more people get to know about Zappos, the more positive they will be about the company. We would be wise to view Hsieh's transparency initiative considering the need to suspend judgment in that its final impact "sort of...depends." ■■

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Candor and Transparency in the Service of Purpose

By Dennis Baltzley and Jeff Lawrence



Purpose is a critical factor in organizational success. A potent motivator of people at every level, purpose is the connection between what they do and why they do it. In a recent Korn Ferry global survey of executives, for example, every respondent reported seeing at least some degree of increased productivity when employees understand and embrace the mission and purpose of the organization. With purpose as a foundation, companies improve engagement, transparency, and provide direction to employees during challenging times. In contrast, transparency that is not purpose driven can easily cross the line to incite fear, cause paralysis, demotivate people, and/or follow a personal agenda. When purpose-driven, however, transparency is more likely to stay on track, informing people at the right time and with the right “doses” of information. Transparency grounded in purpose motivates, enhances authenticity, and captures discretionary efforts in a positive way.

Purpose is not strategy, per se, but it informs strategy to assure alignment between intention and action. As a motivating tool, it creates clarity and cohesion among

people with different jobs and functions who all must move in one direction. Within many organizations, however, there is a gap between purpose and strategy. In other research, nearly three-quarters (72 percent) of respondents said they feel culture is “extremely important” to organizational performance; yet, that same study shows only about one-third said their organizational culture aligns to “a great extent” with their business strategy. In today’s increasingly competitive global environment, in which people must be highly motivated and engaged, the disconnect between purpose and strategy is a missed opportunity—especially given the fact that, as found in another global survey of executives, only 36 percent of organizational talent is “highly engaged” (Korn Ferry Institute, 2016). Transparency, in the service of purpose, can ensure that people are motivated and engaged in service of the organization’s goals.

To narrow the purpose–strategy gap requires a clear line of sight between the mission and the meaning; people’s jobs need to be viewed in a context that extends beyond profit motive. In the 2016 global survey, three out of four executives said their principal driver was the belief that their work has purpose and meaning; compared to only 3 percent who cited pay/financial rewards. Establishing that line of sight is the leader’s job, not just once as part of a visioning exercise; rather, defining and reflecting purpose is a continual process. Herein lies the relationship of purpose with transparency and candor. A purpose-driven leader can authentically and responsibly use transparency and candor to build a healthy culture of motivation and engagement, rather than mechanically use them to serve only business metrics like compliance or as a big stick to scare people into changing their behavior.

Given the range of uses of these terms, here are some definitions in order:

Purpose, in simplest terms, comes down to what matters most, our reason for existing.

Transparency is operating in such a way that others can see what actions are being performed and why—without barriers or secrets.

Candor is defined as being direct, open, and straightforward; it is often associated with sincerity and honesty.

The most damaging situation is one where a lack of transparency and candor reaches the point where the truth is blurred, over-complicated or muddled. This was the case at blood-testing company Theranos, which was under federal investigation over reported concerns about the accuracy of its blood testing. While we, as external observers, might debate how much of this was Theranos’ culture, it was without question, an extreme example of a lack of transparency and candor. As described by *Fortune* magazine’s Roger Parloff, they displayed an exasperating “Theranos-ian opacity.” This created both ferocious backlash externally and internal turmoil (Carreyrou, 2016; Parloff, 2015).

Here we will examine this critical link, as well as the impact on organizational effectiveness, when candor and transparency are deployed in the service of purpose.

Identifying “What Matters Most”

It is difficult, if not impossible, to discuss leadership divorced from purpose. In our experience working with

leaders, those who lose touch with their purpose have trouble seeing beyond the next task, activity or deadline. This is described clearly by David Dotlich, et al., in the book, *The Unfinished Leader: Balancing Contradictory Answers to Unsolvable Problems*: “Many leaders in business today measure their success in conventional ways: revenue growth, net earnings, margins, and so on. That’s what appears on their performance report card...so leaders default to this approach” (2014). Purpose, however, gives context to leadership and every activity of the leader. With a “purpose mindset,” the authors write, “you can succeed not just according to conven-

Transparency and candor grounded in purpose motivate, enhance authenticity, and capture discretionary effort. When transparency and candor are used in service of purpose, they become a barometer of healthy culture and a business multiplier.

tional business norms but also by fulfilling your aspirations to make the world better” (2014). Defining, embracing, and embodying purpose, therefore, is the leader’s job, becoming a role model for others to follow.

Those who are not standing in their own purpose are surely standing in someone else’s. Purpose can be defined quickly, by contemplating a few essential questions: Why does this organization exist? Why is this company’s work important? What value do we add to our customer?

Answering these questions helps organizations rise above tactical tensions, focus on larger goals, generate motivation, and guide consensus in times of significant challenge and opportunity.

Consider the example of a global technology and manufacturing firm, which is spinning off a business through an IPO. The business that is going IPO is working hard to set forth its strategies as a standalone company. To seize this potential, and realize their value, leaders of the business being spun off are working diligently to redefine the new entity’s purpose and culture as a fast, continually innovating tech company—one that is innovating as fast as the market is changing and bringing those products and services to their customers even faster.

Framing Personal and Organizational Purpose

For senior executives, the question—what do you stand for—frames both the organization’s purpose as well as their own. As we see in our work with C-suite executives, the more senior the people, the closer their personal purpose is to the organization’s. At the top of the house, the leaders’ beliefs and values become the foundation, and create the culture. While many aspects of an organization contribute to culture—industry, location, customer base, competitive landscape—it

leaders exert a strong influence. That is, in everything they do (and don't do), they create culture and determine how purpose is experienced by others.

In some enterprises, there is a straightforward connection between the business and a higher calling. For example, at Harley-Davidson, the first sentence you encounter on its website is "Fulfilling dreams of personal freedom is more than a phrase. It's our purpose and our passion..." (Harley-Davidson, 2016) As well, pharmaceutical and health care companies, often recognize the good they can contribute to individuals and society, such as by making low- or no-cost medicines and treatment available in the developing world. Even the day-to-day for-profit business of a health care company can become more purposeful by looking beyond the products to the patients whose lives are changed by them. In its early days, medical device company Medtronic Inc. was flooded with emotional responses from people who regained health or mobility or even were alive thanks to the company's products. Nearly 50 years later, this legacy is reflected in a mission "to contribute to human welfare by application of biomedical engineering in the research, design, manufacture, and sale of instruments or appliances that alleviate pain, restore health, and extend life." (Medtronic, Our Mission, 2011)

The connection between a business and a higher purpose might be less direct in other cases, but nonetheless is present. Workers for a waste management company, for example, provide a necessary service that enhances the quality of everyday life by improving sanitation and helping prevent the spread of disease. Identifying the mission behind even the everyday tasks transforms what might otherwise look like a very unappealing "dirty job." Even companies associated in most people's minds with profits more than purpose, such as those

PURPOSE CHECKLIST

- 1. Who are you?** This question calls for self-awareness and understanding that your personal purpose is a prerequisite to defining organizational purpose. It is then you can see the alignment between the two.
- 2. Who do you work for?** This is the challenging question and answers range from the company, your family, or the customer. It gets to the center of purpose: Who or what do you really serve?
- 3. Who are you called to become?** This question calls for a vision of your direction as a leader.
- 4. Finally, a strong purpose is delivered through the three C's:**
 - **Clear.** The crisper the purpose, the sharper the picture of where you are going.
 - **Conscious.** Because clarifying purpose once is not enough, document and create reminders so people remember
 - **Coordinated.** You must align your personal purpose with your organizational purpose, or you will create no-win situations on some tough issues and decisions.

The Unfinished Leader (Dotlich, et. al., 2014)

on Wall Street, can point to their role in helping individuals realize life milestones, and to helping a country develop infrastructure that otherwise would not be possible. Purpose can (and should) be infused into day-to-day activities, and serves as the fundamental basis of the leader's use of transparency and candor. Purpose reminds people: this is why we do what we do.

BlackRock, a global investment firm, in its "philosophy" states a commitment to being a responsible corporate citizen, taking into account environmental, social, and governance (ESG) issues that have real and quantifiable financial impacts over the long-term (BlackRock Responsibility, 2016). BlackRock offers a sustainable investing platform that screens out companies or industries not aligned with clients' values; takes into account ESG factors to identify risks and opportunities; and targets "impact investing solutions" that combine "measurable social or environmental outcomes and financial returns" (BlackRock, Chairman's Letter, 2016).

Candor and Transparency in Service of Purpose

A purpose-based mindset is crucial at all times. It generates motivation and engagement; it binds people to the organization. It is particularly important during times of change. During these transitions, it is so easy for people at all levels of the organization to become overwhelmed by challenges, urgent priorities, and unexpected obstacles. When companies are in the midst of fundamental shifts, purpose must be reaffirmed to provide a guiding light on which the entire organization can follow. Recall the earlier example of the tech company going IPO. The three months leading up to the decision were marked with persistent over communication about who they were as a company, as well as outlining clearly the two options being pursued. No questions were dodged, obfuscated, and "we just don't know yet" was an acceptable response.

It is here, amidst the change, that candor and transparency are most effectively deployed in the service of purpose. The senior leaders' use of this transparent and straightforward approach contributed significantly to making the final announcement a cause for celebration and a call to action—rather than disorientation and uncertainty. This leads us to the first key learning point: Your personal alignment with purpose will guide your use of transparency and candor in a healthy productive manner. Your ability to make the connection between the compelling purpose for the company's existence, and the day-to-day decisions and activities, does two things. First, it allows people to not just see what activities are happening, but why, and to see that they (and you) are in service of a higher purpose (transparency). It also serves as a guide for how direct or straightforward you should be, given the context in which you find yourself (candor). For example, if being more direct does not advance the organization's purpose, examine your motives and ambitions to understand if your approach is advancing your agenda, or your organizations.

As noted earlier, candor is being direct, open, and straightforward and often associated with sincerity and honesty. In what leadership experts James O'Toole and the



late Warren Bennis have described as a more complicated competitive arena, business executives today are called to create economically, ethically, and socially sustainable organizations. As they observed in *Harvard Business Review*, “...Whatever their strategies and tactics, we believe prudent leaders will see that increased transparency is a fundamental first step” (2009). In their article O’Toole and Bennis applied a broad understanding of the word “transparency” (beyond the traditional definition of fully disclosing financial information to investors) as “the degree to which information flows freely within an organization among managers and employees, and outward to stakeholders” (2009). They defined candor in terms of how comfortable people are in honestly communicating upward; whether teams can challenge assumptions openly, and whether boards convey important messages to company leaders.

While some leaders may be inclined to hold back on sharing information or having the direct conversations in a misguided attempt to maintain calm—or see information as a source of power—these instincts go against the grain of what candor and transparency can do to improve businesses. These two tools lift workforce morale, engagement, and trust to foster greater commitment and activate more discretionary efforts on behalf of the company. When people know what’s going on, and are aligned with the organization’s purpose, they have more of a vested interest in the outcome and how they can contribute their efforts to achieving the objective. As well they directly improve the business performance through faster, clearer information flow.

On the downside, candor and transparency, in the absence of purpose, can be used like a hammer, and rather

than to build, they can destroy. Overuse of candor and transparency can be just as damaging as opaqueness or withholding information.

For leaders, a healthy balance can be found between these two extremes. As coaches to senior-level executives, we have seen both sides of these extremes. On one side, we see the senior leader who defaults towards inspiration and total transparency. They are so open and revealing that they are seen as indecisive (communicating status updates over providing direction, pessimistic (describing long lists of “what’s wrong here” in order to frame a more appealing future), or unable to maintain sensitive or confidential information. In contrast are the analytical leaders who keep a tight control on all communications in the name of (error-free) clarity and alignment. These leaders create a trust gap where people know they are getting a scrubbed version of the truth that is far from the whole story.

Neither approach is effective—on the latter side, a leader who makes all the choices regarding what the team or organization sees; on the other, a leader who tells everyone, everything all the time. Situational judgment, grounded in purpose, is the key.

This brings us to the second key learning point: You must learn to separate your noble intentions from your impact. Take for example, leaders who want to catalyze rapid change within the organization with all the best intentions. They could paint a bleak and raw picture of the future in the name of candor. The result could be a call to action; however, just as likely the impact on the team could be paralysis, avoidance, and disengagement, which will only compound the problem. Owning responsibility for one’s

impact is the first step to being able to see when candor and transparency are approaching the line of being “too much.”

Separating intention from impact has a lot to do with where one looks. Impact is best measured in the reaction of others, and is often most useful when listening to a number of people who will yield an array of reactions. Candor and transparency cannot be used under the guise of noble intentions when people are being intimidated or frightened by the information and the way it’s being conveyed. The leader always has a choice, and even an obligation, to use candor and transparency in service of purpose and with ownership of the impact created.

The leader sets the pace and degree of transparency and candor, rooted in purpose, with knowledge of how people are likely to react. However, the leader does not have full control over other people’s reactions. Therefore, reflecting on the role and purpose of candor and transparency (see checklist, below) helps leaders to determine how, when, and how much information to disclose in service of the greater good of the organization.

Purpose and Alignment

When leaders and their organizations have the right purpose and are aligned, big decisions make sense and people typically report that life “feels easier.” Purpose is what connects what we do and why we do it. When clear and aligned, purpose improves engagement and provides direction. This is especially true during times of change where organizations become overwhelmed by urgent priorities and unexpected obstacles. Transparency and candor grounded

CANDOR AND TRANSPARENCY CHECKLIST

1. What purpose does your current role call you to serve—for example, to improve the quality of life for customers, employees, shareholders; to generate value for customers; to create something good or eradicate something bad?
2. What pressures in the system have made people act the way they do (leading up to a change)? How can the pressure be changed to initiate a new set of expectations and behaviors?
3. When the leader alerts people to change, who is disappointed that the status quo will not be preserved? What is the rate of change they can absorb?
4. How do candor and transparency advance the purpose of creating change and influence the reactions that others have to that change?
5. How will leaders know that the organization is moving at a rate that won’t consume the very people needed to make the desired change?

in purpose motivate, enhance authenticity, and capture discretionary effort. When transparency and candor are used in service of purpose, they become a barometer of healthy culture and a business multiplier. For leaders, there are two fundamental takeaways:

- Start from your personal alignment with purpose to guide your use of transparency and candor in a productive manner. Make the connection between the compelling purpose for the company and the day-to-day decisions and activities. Help people to see why they do what they do (transparency). Use this purpose as a touchstone on how straightforward you should be, given the context in which you find yourself (candor).
- Learn to separate your noble intentions from your impact. Separating intention from impact allows you to look past your intentions and see the impact you are creating, allowing course correction as needed. Find the mechanisms to understand your impact on others.

If you can shape and then practice these two things, you will not only create an inspired, vibrant culture aligned to perform, but you will also create meaning and impact in people’s lives. 🏡

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Case Study: Transparency and Candor and a Growth Mindset

By Sophia Kristjansson and David Tashjian



David Tashjian, vice president, sales and marketing for Comcast’s Mountain West Region, based in Denver, Colorado, has just concluded a meeting with a group of the organization’s rising leaders. When asked for follow-up feedback, several commented on his openness and candor. “He shared his personal struggles.”

David’s reputation precedes him. It’s widely known that he is highly engaged, focused on results, and dedicated to developing people; however, what seemed to resonate with many of these leaders was David’s transparency about life’s challenges.

Dr. Carol Dweck, professor of psychology and researcher at Stanford University, would classify David as a “growth mindset” individual. (See sidebar, “Growth vs. Fixed Mindset,” on page 29.) For 25 years, she has studied the characteristics of success and has divided personalities into growth and fixed mindsets¹. People like David, with a growth mindset, are curious by nature and believe their talents, skills, and abilities will grow over time; those whose are fixed, by contrast, assume they can’t go any further in their learning and are hesitant or, in the extreme, threatened by mistakes. As a result, someone with a growth mindset can embrace mistakes and see them as opportunities for enrichment.

I met David before he transitioned into his current job in Denver. I’m a consultant, facilitator, and coach who helps leaders and their teams elevate their leadership game. Neuroscience and behavioral science is my backdrop to help illustrate the

dynamic between people's physiology and psychology, and what they can change about themselves. My specialty is helping them gain awareness of the relationship among thoughts, behavior, and how others perceive them. This is why I was brought in to work with David.

This case study is about David's deliberate decision to transform challenging feedback into positive action and, as a cornerstone of that process, model and teach the transparency and candor that will ultimately make him a more effective leader.

Part One: David Gains Insight

People who work with David today say he is an extraordinary leader, but that wasn't the case seven years ago. Caroline Aspenson, VP of HR at Comcast, says, "We were worried that David had just this one, perhaps fatal, flaw. He was results-driven but could be perceived to be a loud bully." Leadership recognized he succeeded at every challenge, but there was a high price to pay in employee engagement and satisfaction. According to Caroline, leadership wondered if David could become the leader the organization needed him to be. He had all the ingredients. The question was, could he find the will to change? (See sidebar, "The Neuroscience of Change," below.)

Nobody likes being told they're a bully. Ralph Martinez, regional senior vice president and David's boss at the time, delivered the difficult feedback to him after a formal talent review process meeting. While additional feedback had preceded this pivotal conversation, Ralph said, "If you don't change, you won't be able to grow into more significant leadership roles at Comcast." David paid attention.

"It was a very hard time," he told me. "I had to break down emotionally and become humble." This shook him. "The

problem was personal. I was acting from insecurity and this drove my leadership style. I wasn't being vulnerable or open enough. I had to figure out how to lead differently."

David acknowledges that he went through a significant grief process: denial, anger, bargaining, sadness (non-clinical depression), and eventually acceptance. He experienced

"Building a team on a foundation of transparency and candor began in the interview process. I revealed the state of the business and my own weaknesses to my top candidates so that I could build a well-rounded team who would appreciate that vulnerability was a key component of my leadership style."

a pivotal career moment. He could either embrace the feedback and continue to grow his career, or avoid it entirely and eventually be coached out of the organization. Shortly after this period, David and I started working together.

Many people are simply unable to take on negative feedback and use it to their advantage. Because David's growth mindset allows him to profit from his mistakes, he approached the people he'd hurt and asked for forgiveness. He made two additional profound choices: asking for help from his detractors and widening his feedback loop to include the same

The Neuroscience of Change

Most of us are wired to be social beings, to find ways to learn and relate to one another. V.S. Ramachandran, Ph.D., believes we carry on neural conversations with one another before we open our mouths. It takes our brains 100 milliseconds to determine someone's effectiveness. Moreover, we learn about acceptable behavior from one another and mimic what works.

When I teach this neuroscience to leaders, I remind them they must constantly model good behavior to create a positive foundation in workplace cultures.

I often have to get leaders to buy into change they are not excited about. I understand why: most organizational change isn't something they've created for themselves. And let's face it: change is painful. Part of the reason is the interplay between working memory and focused attention.

Working memory is considered a holding area where new information can be compared to known information already stored in the brain. To perform a rational comparison of new to old, the brain engages the prefrontal cortex—the brain's

center for rational thinking—which is energy-intensive and can only hold a limited amount of information at a time. It fatigues easily. The brain is also wired to recognize environmental errors—perceived differences between an expected outcome and the actual outcome.

When the brain perceives a contradiction, intense neural firing takes place in an area of the brain connected to the fear center. This, in turn, engages the fear circuitry of the brain and can start an anger or fear response that is highly counterproductive to any change process.

Forcing change is typically counterproductive. The individual must buy into the need to change and be responsible for making it happen. Particularly when developing a growth mindset, teaching leaders how their brain reacts to change helps them gain awareness into how human beings are wired. This awareness gives leaders a compelling reason to develop different communication habits when working through change within an organization.

—Sophia Kristjansson

people. He'd always had a tight circle of trusted confidants. This time he decided to go big and transform his detractors into his partners. He realized that while he wasn't going to change his fundamental personality, he felt strong enough to be vulnerable. If someone didn't understand a choice he made, having open communication gave him the opportunity to discuss differences, find common ground, and move forward together.

Caroline witnessed David's transformation. After some initial skepticism, colleagues expressed appreciation for his sense of humility and kindness. "He became more transparent. We do annual employee engagement and satisfaction surveys. David experienced a 29 percent increase in employee satisfaction from 2010 to 2011, and it continued to increase from there," Caroline said.

David had always been a results-driven leader and his leadership valued this in his behavior. He was able to embrace the difficult feedback about his management style and showed critical stakeholders he could be more for the organization. Now he was perceived as a change agent, who could provide the necessary knowhow to grow a region in need of new ideas. The role involved additional headcount, high visibility, and more challenge. "By the time David accepted his new role, he had expanded his circle of influence," Caroline said. "It was an emotional departure for many."

Part Two: Elevating Transparency and Candor

David took on his current role as the VP of sales and marketing for Comcast's Mountain West Region three years ago. This time he was to turn around a troubled region. Everything about his leadership and management style would be put to the test. David believed he would effect change quickly.

He smiles when he remembers his casual confidence. "I thought I could take a struggling department and turn it around easily with quick tweaks." But results, which had always been David's strength, didn't happen quickly enough.

Everything came at David all at once in his new position. In 2013, the region was losing customers and reported employee turnover of 60 percent, which was three times the national average. With his team of peers, he was the bottom performer among a bunch of heavy hitters. "I carried a number on my back every day and ate, slept, and breathed my team's needs. I value people who keep their word and, for me, I needed to keep my word that I would turn this situation around." He had to rebuild his entire leadership team while focusing on driving the numbers up.

This was the point at which David could have reverted to his previous bad habits that

would have resulted in quick fixes but no long-term successes. New habits are hard to maintain because when our brains go through change, the rewiring takes significant time and energy. (See sidebar, "The Four-Step Focused Process of Change," below.) Richard Jennings, regional senior vice president and David's current boss, says, "David was very focused on building the team the right way. He was highly engaged with the hiring and developing."

A growth-mindset leader is curious, engaged with people, focused on the goal, and open to innovating quickly through mistakes. This makes them more apt to adopt change. David had made significant changes over the past seven years and he stayed the course. "I increased my transparency level with those around me. I opened my circle very wide and looked for feedback and points of view from people who were very different than I. I made a point of developing key relationships all over the organization, while continuing to build the founda-

The Four-Step Focused Process of Change

In his book, *The Mind and the Brain*², Jeffrey M. Schwartz, M.D., discusses studies he conducted on OCD patients to help them overcome their biologically engrained habits. He used an effective four-step process with the study subjects that I have adapted for use with clients. Change is hard, especially when it's decided for us and we don't quite understand it. The key is to avoid an emotional reaction to the change. By doing so, we can coax ourselves into change by doing the following:

- 1. Relabel the thought.** Depersonalize it. When the urge to control comes up, tell yourself, "That's my need to control, and it's only a thought." Or, "It's only my fear of collaboration talking."
- 2. Reattribute the thought.** You could say, "This thought is my brain playing an old, well-known tape that is no longer useful to me." Or, "The stress I'm feeling in my back is really just a reaction to my need to control." With this realization, you will start to recognize the entire emotional process you go through when you resist others' ideas.
- 3. Refocus the thought.** Interrupt the pattern. This is the workhorse step to changing the habit. The brain has a way of reminding us when we're not attending to the script. When the urge to act becomes strong, acknowledge it and then focus on a preplanned idea, that way there are no surprises. Let's say you are becoming anxious because a meeting is going long and too many ideas are swirling. You become super focused on time and no longer listen. This is a danger zone. When you're aware of your reaction, you can shift to your preplanned recovery cues: take a deep breath or take a quick break. The process takes time, but with focus the fear will dissipate.
- 4. Revalue the thought.** Achieve objectivity. Eventually, the intensity of the thoughts will change and you will become an impartial spectator. You'll be able to see your reactions for what they are—and choose what to engage in.

This is focused neuroplasticity in action. We may be hired to think, but our success is driven by our ability to work with each other. Even the smartest among us don't escape this truth. Those who will excel at their careers are the ones who are open to change and who have the fortitude to drive through it in a focused manner.

—Sophia Kristjansson

Managers with a growth mindset foster a culture of coaching that in turn creates opportunities for insight and innovation.

tion for strong results within the region. In the end, I set my ego aside and just had conversations with people; I let my guard down and let people in. As a result, candor increased between all of us.”

Senior leadership is committed to developing a healthy work environment, and this includes transparency around errors. “Our president and Richard give us permission to make mistakes,” says David. One of his most impactful memories of the president was when he kicked off a meeting by listing his top five mistakes in the last year. “His ongoing modeling coupled with the partnerships with you and my colleagues gave me the foundation I needed to really elevate my leadership brand.”

David knew from his previous transformation that transparency was critical. “Building a team on a foundation of transparency and candor began in the interview process. I revealed the state of the business and my own weaknesses to my top candidates so that I could build a well-rounded team who would appreciate that vulnerability was a key component of my leadership style. That made it okay for others to ask teammates for help, instead of fueling the idea that we’re all in this for ourselves.”

Transparency and candor work together but are also unique characteristics. Transparency is the open flow of information or events within a culture; candor is more about how it is interpreted or what is desired as a result. Both must be in place to actually achieve David’s goal. He was creating the expectation of safety and positive relationships. “So often, ego and insecurity can get in the way of creating a highly productive and healthy culture. My mission is to create a safe environment in which we all can say, ‘I don’t do this as well as you do, can you help me?’” This is both transparency and candor, working together to establish a relationship of trust.

When we create cultures seated in transparency and candor, as David was attempting to do, we incorporate the following things:

- Develop trusting relationships: Employees don’t quit their jobs, they quit their bosses. A 2014 Career Builder survey revealed that 37 percent of the roughly 3,000 employees surveyed would consider leaving their jobs because of their leader’s poor performance.³ Trust is a dynamic that takes center stage in solid work relationships.
- Create better alignment: Employee align-

ment, when related to transparency, means looking at the big picture and finding ways to understand everyone’s role within it.

- Find more effective solutions: Transparent leaders solve problems more efficiently with their teams because they experience higher levels of trust and candor. Multiple heads are better than one.
- Receive higher levels of engagement: A culture that values transparency in the workplace breeds engaged employees. In a *Harvard Business Review* 2013 employee engagement survey, 70 percent of respondents said they were most engaged when senior leadership continually updated and communicated strategy.⁴

Over the course of three years, David and his team made significant improvements in customer growth. During the first quarter of 2016, the Mountain West Region reported a 151 percent increase over the same quarter in 2013. Employee turnover has improved over 200 percent since 2013. A substantial majority of current turnover is now due to internal promotions.

Getting there wasn’t easy. “Pressure for results and urgent employee issues caused me to act frantically; I ran from meeting to meeting trying to put out fires. It wasn’t until Sophia encouraged me to slow down, be more vulnerable, and focus

Growth vs. Fixed Mindset

Mindset comes in two distinct styles. People with a fixed mindset believe that traits are given or “fixed,” and that talent alone fosters success. On the other hand, people with a growth mindset believe that their abilities are simply a launching pad for growth and development. People with growth mindsets love to learn. And, more importantly, they show resilience, which is critical to success.

Carol Dweck, Ph.D., is a world-renowned researcher in the field of motivation at Stanford University, and she developed this concept. She says:

- Intellect and talent don’t guarantee success. If a growth mindset isn’t cultivated, both can stand in the way of it.
- Praising doesn’t foster self-esteem and accomplishment. It jeopardizes them when developing a growth mindset. People need positive encouragement to go further and do more.
- Teaching a simple concept about the brain raises productivity.

Cultures are made up of people, and overbearing and critical leaders are instrumental to creating a closed mindset among their team members. They can force their teams into fixed mentalities that prevent learning and growth. As a result, team members will worry about being judged and about what the boss thinks, rather than customers and the marketplace.

Managers with a growth mindset foster a culture of coaching that in turn creates opportunities for insight and innovation. They are more observant about their employees’ improvement. They don’t remain stuck in an impression that can limit them, and their teams see these managers as offering better employee development.

—Sophia Kristjansson

David's story shows how a growth mindset, which continues to grow and develop over time, is the foundation for success when dealing with tough change.

on important issues that things started to change," David says. He turned over a majority of the leaders and took the region through a merger. He convinced high performers to join his team and groomed everyone for "fit." Then he started teaching his people how to elevate their leadership game and to do what he had been challenged to do when he started the job—create a culture of transparency and candor. Demonstrating his own vulnerability allowed his leaders to do the same.

There's no mistaking that David's region has materially changed from the day he started the job. He'd be the first to say that this has been one of the hardest and most rewarding challenges of his career. David's story shows how a growth mindset, which continues to grow and develop over time, is the foundation for success when dealing with tough change. He is dedicated to continuing his development and will continue to raise the bar for how he uses transparency and candor and models it for his direct reports and employees.

"Over the course of my career, I've learned to be a vulnerable leader and not let insecurity drive me. This transparency not only gives others permission to behave the same way, it increases the level of candor among us. This creates more trust and we build from there. It's a process that never ends." ■■

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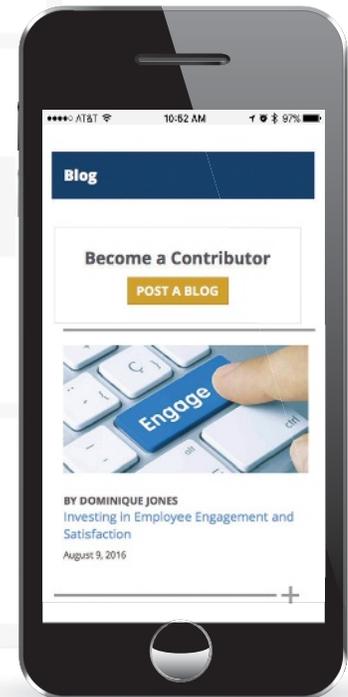
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Tell Me Lies, Tell Me Sweet Little Lies: The Many Positive Functions of Being Untruthful

By Jeffrey Pfeffer

The rock group Fleetwood Mac can be profoundly insightful. Lyrics from their song “Little Lies” provides the title for this article and also contains the useful advice to “close your eyes, close your eyes.” That’s great guidance, particularly if you want to be happy and to uncritically accept much of the conventional wisdom about leadership. Because contrary to what people may want to believe, candor and honesty are frequently neither desirable nor common in the actions of successful leaders.

We often want to be lied to, for instance by politicians (Purcell, 2016). Moreover, telling untruths is common and frequently helpful in numerous ways. Therefore, HR professionals, instead of mouthing platitudes about candor and transparency that bear little resemblance to much behavior in the real world or to what can be useful and necessary, should teach people when and how to effectively deceive others.

What follows is some evidence and logic to support these assertions.

Feedback

Richard Moran, an author and currently president of Menlo College, was formerly CEO of Accretive Solutions, a partner at venture capital firm Venrock, board member at several public and private companies, and a senior partner at Accenture. When Moran came to my Stanford class on power, he told the students that although they claimed to want honest feedback on how they were doing, what they really wanted was affirmation of their wonderfulness—to be told how special, accomplished, and high-performing they are. The students argued with him, but Moran was right. Most people want positive feedback and praise—maybe even flattery in excess, which makes praising others a particularly effective technique for exercising interpersonal influence (Vonk, 2002). Many people do not seek out information, particularly from others important for their rewards and careers, about “areas for improvement.”

Consistent with this argument, there is an enormous social science literature describing numerous self-protective and self-enhancing behaviors (Hepper, Gramzow & Sedikides,

Most people want positive feedback and praise—maybe even flattery in excess, which makes praising others a particularly effective technique for exercising interpersonal influence

2010). More than half of the people in any group will, if asked anonymously, claim to be above average on virtually any positive trait ranging from height to physical attractiveness to intelligence to sense of humor, a phenomenon called the above average effect that taps into people’s desire to think well of themselves (Brown, 1986). Of even more relevance, when people are given information suggesting they are above average on some specific trait, those individuals will come to give more importance and value to that trait. Thus, many people much of the time overestimate their possession of positive traits and abilities and also overvalue the importance and relevance of traits and skills on which they believe they have some comparative advantage.

These well-documented facts help explain why the oft-used forced ranking performance evaluation systems are virtually doomed from the start. Forced-curve rankings require the evaluators to rate people along a normal distribution. But because most people think of themselves as being above average (which implies a distribution of performance or skill skewed well to the right), those ranked as average or below will argue with and otherwise resist information discrepant with their own, overly positive self-assessments. Over the years,

suggestions such as beginning evaluation conversations with affirmations of what employees have done well, have sought to somehow surmount the tendency of people to not listen to or remember negative information about themselves.

Expectation Effects

Holding aside people’s desire to self-enhance and think of themselves as above average, it’s far from clear that giving people falsely positive information about themselves is such a bad thing. Consider the enormous social science literature on expectation effects.

Sometimes called the “Pygmalion effect” and modeled after the story in *My Fair Lady*, the fundamental idea is that people’s behavior and performance is affected by others’ expectations. Leaders who expect more from their subordinates get better results. For instance, salespeople given higher expectations for what they will be able to sell do sell more, and in general, those individuals provided with higher expectations about what they will accomplish will perform better than a control group of others not provided with falsely positive expectations (Eden, 1992). A meta-analysis of the relevant research literature reported a reasonably large effect size and also found that there were stronger expectation effects when initial performance was low (Kierein & Gold, 2000).

Similarly, students given (falsely) positive information about their academic abilities often perform better in their studies (which is one reason that tracking into ability groupings hurts those assigned to lower tracks). An early study by Harvard psychologist Robert Rosenthal and an elementary school principal, Lenore Jacobson, reported statistically significant increases in IQ for students in the first and second grades whose teachers were told at the beginning of the school year that they would be “growth spurters” as identified by a (nonexistent) test (Rosenthal and Jacobson, 1968).

We have come to understand some of the mechanisms producing the effects of expectations on performance. One process is defensive effort (Archibald, 1974). If people believe they won’t succeed, they will, reasonably enough, not expend as much effort. Why waste time and energy on activities doomed to fail? Similarly, if individuals expect success, they will invest more time and effort because they believe those investments will pay off—and in the process of trying harder enhance their likelihood of being successful.

We ought to acknowledge the sizeable literature on the effects of positive expectations on outcomes in settings ranging from school classrooms to the workplace for what it is: a convincing, evidence-based demonstration of how not telling people the complete, unvarnished truth about their abilities helps many of those individuals to actually do better. And, since people like to think well of themselves—the self-enhancement motive—they will also be happier and like the bearer of the good tidings more, too.

Self-Fulfilling Prophecies

Expectation effects represent just one manifestation of the idea of the self-fulfilling prophecy (Merton, 1948)—that if

people define something as real, that definition of reality has consequences. For instance, if everyone expects a bank to fail, they will try to withdraw their funds—thereby causing a run on the bank that creates the expected failure. If people expect to be rejected by their romantic partners, they will act in ways that produce the rejection. If interviewers believe that the job candidate being interviewed is smart, they will ask questions and otherwise behave in ways that facilitate the candidate's ability to demonstrate intelligence and thus produce success for the interviewee. There are numerous examples of the self-fulfilling prophecy—a Google scholar search revealed more than 80,000 entries for this term.

Entrepreneurs, engaged in the inherently risky and difficult task of launching a business, need to be able to convince investors, employees, and customers of their eventual success. If people believe that a venture will be successful, the venture will be able to attract funds and talent. And the acquisition of funding and talent will, of course, help the venture thrive. The famous Steve Jobs of Apple had an ability to create his own “reality distortion field” that turned hope and dreams into one of the most valuable companies on the planet.

Confidence is at once both contagious and necessary to attract the resources and engender the behaviors that create organizational success. Thus, as Andrew Grove, co-founder and former CEO of Intel noted, part of being a successful leader involved self-discipline and part involved deception.

Research has found that because lying is frequent and almost expected, there were few moral qualms or sanctions imposed for being untruthful

Because after a while, the deception becomes reality (Pfeffer & Sutton, 2006: 201).

In medicine and in psychology, the placebo effect is both well-known and potent (e.g., Price, Finniss, & Benedetti, 2008). As nicely reviewed by Kaptchuk and Miller (2015), placebo effects in medicine result from the rituals and interactions of the therapeutic encounter. Moreover, placebo effects derive from empirically demonstrated neurobiologic mechanisms including activation of certain parts of the brain and the production of neurotransmitters such as dopamine and endorphins. The authors noted that many actual medicines use similar pathways to achieve therapeutic results.

The potency of placebo effects coupled with the overuse of opioid painkillers has given rise to the idea of using “fake” pills for pain (Merchant, 2016). Because placebos have real effects without the chemical toxicity or addictiveness of narcotics, the premise is that opioid use might be reduced. Of course, for the placebo effect to occur, people must believe they are taking an actual drug. In other words, they must be deceived.

Effective Deception

With the internet and widespread use of social media, there is a growing belief that deception is ineffective and transparency ever more necessary. But I don't see much if any empirical evidence for this. Many reviews on TripAdvisor, Amazon, and Yelp are fraudulent. One study by two professors at Harvard Business School estimated that 16 percent of the restaurant reviews on Yelp were “filtered” (Lucas and Zervas, 2015). And there is little to suggest that the amount of unreliable information is declining. Moreover, in many instances even when people know that cheating occurs, they often continue to support the cheaters.

Case in point: sports. Hold aside the ever-popular professional wrestling, where fakery is the name of the game, or professional soccer, where some of the best players in the world have perfected the ability to fake a foul (Borden, 2014). As Juliet Macur (2016) commented, seventeen competitors in a weight-lifting competition tested positive for banned drugs, but no one seemed to care. Steroid use in baseball failed to diminish the popularity of the sport, and pervasive doping in Olympic events has thus far failed to dent the popularity of the games. The only example that Macur could point to where deception caused a problem was bicycle racing.

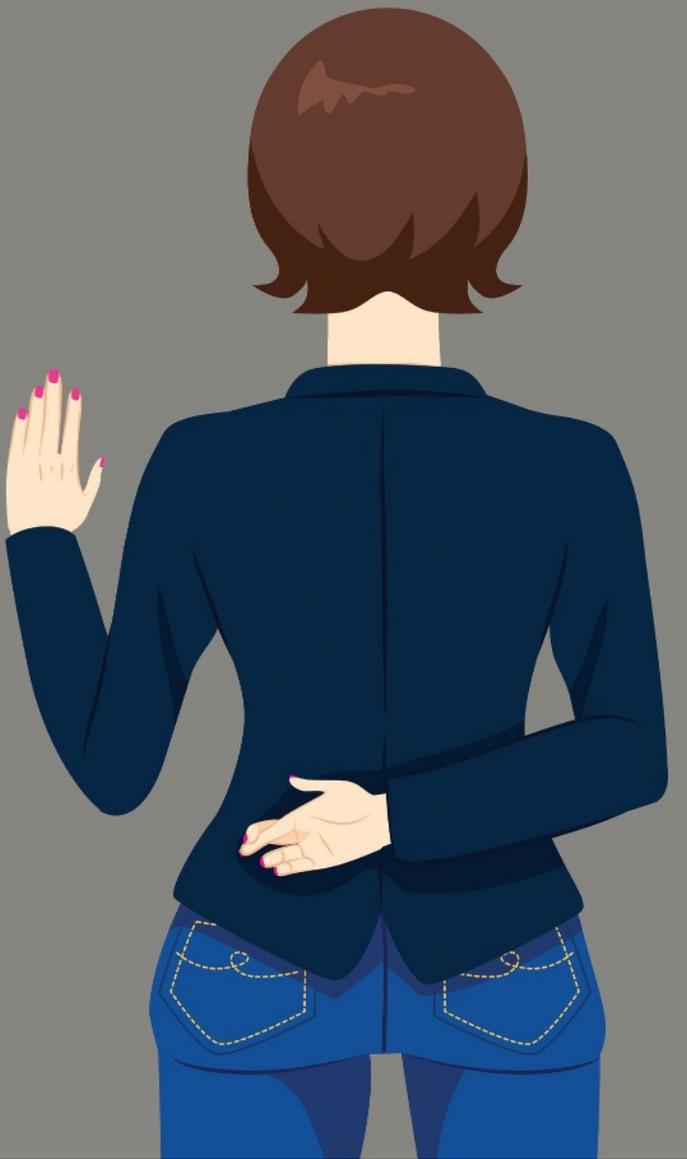
Moreover, research consistently shows that people are notoriously unsuccessful in ferreting out lying—even when they are told to do so and told that lying is occurring (Bond and DePaulo, 2006; Kramer, 2002). This is possibly because lying is common in everyday life and not often sanctioned. One study found that the average person lied two times a day and as such, lying is a fact of everyday life (DePaulo, et al., 1996). Lying often occurred in an effort to smooth over social relationships—so-called “white lies.” Lying occurs in negotiations—few people will tell others the highest price they will pay or the lowest price they will accept. And of course salespeople regularly exaggerate the availability and features of the products they are pushing and also unfairly derogate the attributes and quality of competitors. Research has found that because lying is frequent and almost expected, there were few moral qualms or sanctions imposed for being untruthful (DePaulo, et al., 1996).

So while people may like to believe in the importance of candor, there's precious little evidence consistent with that belief.

The Implication

Here's an unpleasant implication: According to William Gentry of the Center for Creative Leadership, more than 50 percent of leaders are ineffective in their jobs (Gentry, 2010). Here's another unpleasant fact: career derailments are all too common, and the inability to manage political dynamics—cope with and manage organizational reality—is one prominent cause.

So human resource professionals have a choice. They can continue to offer prescriptions and training that are uplifting and inspirational, but have over the decades produced failed leaders and unengaging workplaces (Pfeffer, 2015). Or they can teach people about organizational reality as



it exists and the skills required to be successful in getting things done. One such skill is, euphemistically phrased, strategic misrepresentation. Hold aside the possibly positive effects of being a good liar for individual career success. Even in trying to beneficently help others through providing positive expectations or the medically-relevant placebo effect, not being completely transparent or honest can be uniquely useful.

When companies begin to focus their development efforts on what works, those development efforts will become more effective. Until then, the leadership industry in all of its forms and manifestations will continue to fail in its most essential tasks. ■■

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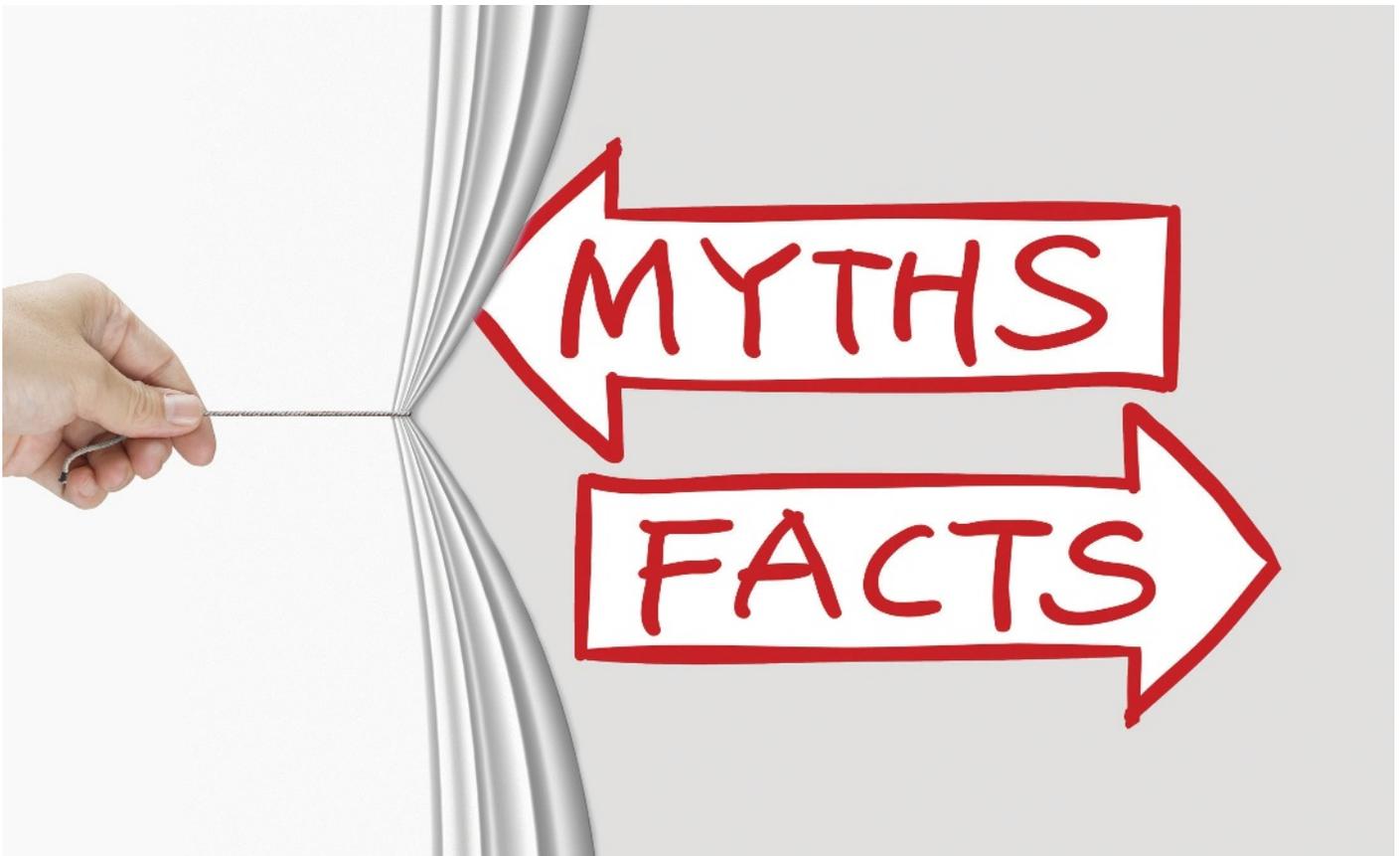
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Lifting the Veil: What Happens When You Are Transparent with People about Their Future Potential?

By Allan H. Church and Christopher T. Rotolo



As a manager, have you ever participated in a talent review meeting and classified people in terms of their future potential in the company? As an employee, have you ever been told the outcomes of those same discussions on you, i.e., if you were a high-potential in your company? While research indicates that most large companies have formal talent review processes, and 70 percent of top development firms are using formal assessment methods to identify and develop their highest potential future leaders (Church & Rotolo, 2013), only 34 percent are transparent about the process and formally tell their people where they stand (Church, Rotolo, Ginther, & Levine, 2015). Why? Because there is a real concern among many senior leaders and HR professionals that transparency will lead to negative outcomes for the company including decreased engagement, poor performance, and a spike in turnover among the approximately 85 to 90 percent of employees who are not deemed to be high-potentials. Since these “B” players as they have affectionately been called (DeLong & Vijayaraghavan, 2003) deliver results day in and day out, telling them (or having them figure out) that they are not high potential represents a real concern.

In today’s hyper-competitive talent marketplace, organizations are focusing more than ever on implementing talent management programs, processes and tools to

ensure they attract, identify, develop and retain the superstars needed to drive their business forward (Silzer & Dowell, 2010). Between the ongoing war for talent, shrinking resources, and shifting workforce demographics, organizations are increasingly facing two key questions:

- How to best identify and classify employees into various types of talent pools for accelerated development and succession planning efforts.
- Whether or not to tell people into which pool they have been placed.

In short, beyond the definition of potential itself, the transparency question of “to tell or not to tell” employees about their level of future potential is a topic of major debate and consternation for many senior executives and their HR business partners. It is also one of the more popular topics at professional conferences and consortium meetings alike. Companies are seeking answers, and to date there has been very little applied research in this area regarding the impact (good or bad) of lifting the veil on this type of information for employees.

This paper will help address this gap by providing some key findings based on an early career potential identification program launched at PepsiCo. The program, called the Potential Leader Development Center (PLDC), was designed with the expressed intent of providing transparency of leading indicators of future potential to both the organization and its employees.

Program Overview

The PLDC represents the first tier of PepsiCo’s broader Leadership Development Program (LeAD) architecture, which is part of the organization’s integrated talent management strategy. Developed in 2013, the PLDC takes a multi-trait multi-method (MTMM) assessment approach to identifying and developing high-potentials. Based on the *Leadership Potential Blueprint* (Church & Silzer, 2014), the program was validated in 2014 and launched in 2015 in 11 languages to over 3,300 early career professionals globally. Entry into the program was based on performance and tenure (not a predetermined level of potential) and participation was voluntary. Invited employees first were informed about the purpose of the assessment, how the data would be used, and expectations around continuous personal development. They were then required to “opt-in” and confirm their participation and commitment. Uptake on the program was excellent, with 85 percent of those invited choosing to participate, and 97 percent

of those participating completing the full suite of online assessments. These included personality, cognitive, and custom situational judgment and biographical information (biodata) measures.

Results from the process were used to generate a “LIFT” score for all participants. This was shared directly with employees as their having one of four outcomes: *some*, *moderate*, *great*, or *very great* level of LIFT. An individual’s LIFT score was based on an empirically validated weighted combination of the results obtained across the four assessment tools, and then scaled to reflect a normal distribution. Considering the expectations and potential reactions that people might have to being identified as having high or low levels of “potential,” we selected the term “LIFT” instead to reflect a more user-friendly and developmental concept. Specifically, it was conveyed to participants and their managers that regardless of the score everyone has some level of LIFT. In support of that message, all participants received developmental feedback in the form of two strengths and two opportunities for improvement. Their individual LIFT score in the report, however, was in fact empirically derived and reflected their level of future leadership potential based on the validated predictive model



for that individual. It was completely transparent to the individual, manager, and the HR business partner. This concept of LIFT was simple and accessible, and therefore integral to the organizational acceptance and transparency of the program as a tool for both high-potential identification and employee development at a critical juncture early in employees’ careers.

Given the novelty of the approach to the company, we implemented follow-up surveys (at 3 and 9 months) to assess the executional components (e.g., report clarity, understanding of

results, utilization of feedback, etc.), as well as employee attitudes and engagement more broadly. We received over 1,898 responses for survey No. 1, and 1,076 to survey No. 2 which represent over half the population participating. A year later we then examined the business performance, promotion decisions and turnover rates for participants in each LIFT scoring group to identify organizational outcomes.

Overall, we found that the program delivered on its objectives of providing early career professionals with helpful development feedback, and the organization with the high-potential talent pools needed, while yielding none of the negative consequences. There were several surprises as well. Listed below are the key findings from the program which we hope may be helpful to other organizations interested in becoming more transparent in their talent management practices:

1. Program Met Expectations and Satisfaction Was High Regardless of Participant’s Potential “LIFT” Score.

Overall, we found that 83 percent of the 1,898 participants responding to the survey said the PLDC program either met or exceed their expectations. This was a very positive result for a new assessment program considering it was year one and for this population for the first time. It seems our initial launch plan including a number of integrated communications (prior to their agreement to participate) along with corporate COE delivered webinars both before and after feedback was delivered, achieved its goal. In addition, 70 percent indicated that they were satisfied or very satisfied with the program overall (and only 5 percent were dissatisfied), which was also a very positive outcome.

What was more encouraging, however, was the fact that attitudes were quite consistent across the different LIFT groups. In fact, expectations regarding the program did not differ at all by how much assessed potential the participants were told they had. All four LIFT groups ranged between 82 to 85 percent. In short, our communications and level of

clarity behind the process itself appears to have been clear and consistent with what employees had anticipated once they signed-up for the assessments.

In comparison, program satisfaction did vary somewhat by level of LIFT, though the differences were modest and not particularly concerning. Employees receiving “some” and “moderate” LIFT scores (half of the program population) both reported 65 percent favorable, while those with “great” and “very great” LIFT were at 72 percent and 78 percent favorable. Although this 13-point difference between highest scoring group may look meaningful, given 83 percent of respondents hovered around 65 to 72 percent positive overall for a brand new feedback program, we took this as an extremely successful outcome for the PLDC. The fear that everyone with low or moderate LIFT scores would hate the program and rate it poorly was not realized.

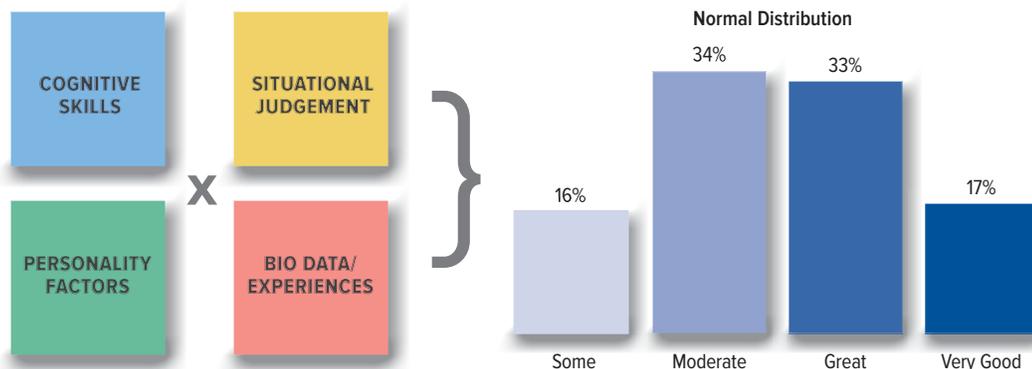
There was an interesting interaction, however, between age and LIFT. Specifically, employees with low LIFT who were under 40 were generally less satisfied (54 percent) than those over 40 (70 percent) with low LIFT. This difference in satisfaction vanished for those with moderate LIFT and then returned for those with great and very great LIFT (76 percent vs. 45 percent for those under and over 40, respectively). In short, older workers took the transparent message of having lower (some) potential better than did younger and mid-career employees. Older workers were also slightly more positive at higher levels of LIFT as well. These findings would appear to counter to common beliefs about generational differences around greater transparency.

2. Participant Satisfaction Was Driven More By Perceived “Accuracy of Results” Than By Assessed Potential.

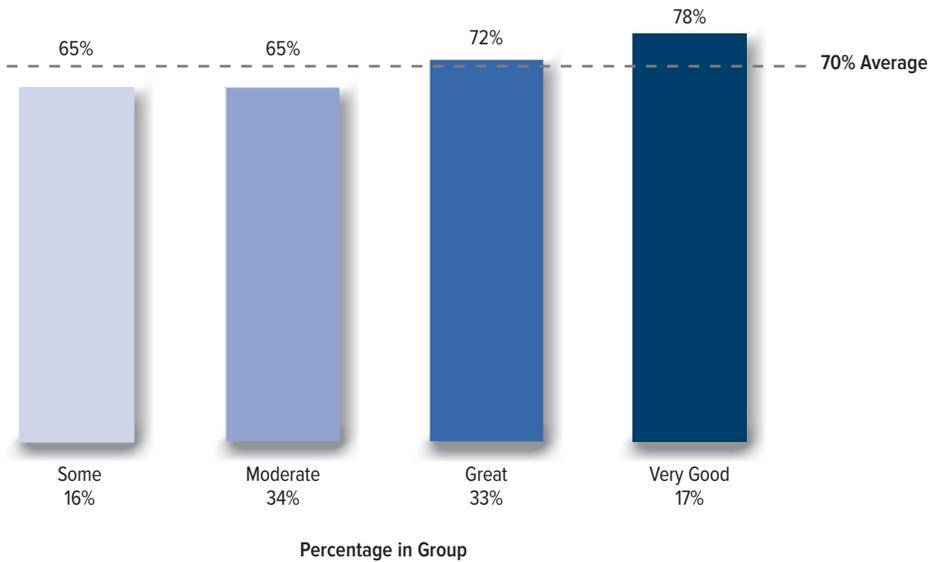
While employees’ assessed potential did not have much of an impact on satisfaction with the PLDC, interestingly enough, responses to another item did. We found that employee perceptions of *the accuracy of the results* (i.e., that report “felt like me”) were significant drivers of how participants felt

about the program overall. More than 84 percent of those who responded that the report was “like me” or “just like me” were satisfied or very satisfied with the PLDC overall. Conversely, only 31 percent who felt the report was “not like me” or “not at all like me” were satisfied with the program. Those who didn’t feel one way or the other were at 61 percent favorable. Once again, differences in this question by LIFT were modest

Predicting Potential “LIFT” Score



Percentage Satisfied/Very Satisfied by LIFT



with very great getting better scores but the differences were about the same amount (~12 points) as on program satisfaction, not the magnitude seen here.

3. Perceptions of Organizational Commitment and Program Effectiveness Were Not Affected by Assessment Performance.

Another common perception of those reluctant to pursue transparency in their organization is the belief that participants who do not score well in the assessments (and particularly those identified as having low potential), will not be appreciative of organizational efforts to help their career growth, or that the program participation will not be seen as helping them build leadership capability. Our findings suggest otherwise. Nine months after the program as part of survey II, participants felt that the feedback was helping to increase their effectiveness as a leader (77 percent overall), and that the launch of the PLDC showed an investment by the company in their personal growth and development (83 percent overall). Importantly, transparency of LIFT did not significantly moderate these very positive perceptions of the program or the company. People were positive regardless of how well they did on the assessments.

4. Performance and Promotion Rates Showed Differences by Potential, but Transparency Did Not Lead to Increased Turnover.

Although all LIFT groups in the PLDC program demonstrated strong performance ratings a year after the feedback had been delivered (partly driven by a “meets expectations” or better performance criteria required to participate in the program in the first place), those with higher LIFT scores had significantly higher performance ratings. This was true for both short-term objectives (business performance) and long-term objectives (people development), although stron-

ger differences were found among long-term objective ratings (which indicates that assessments were tapping more than just short-term capability).

We also tracked the number of individuals who had been promoted into higher-level positions 12 months after assessment. We found strong positive and significant correlations with LIFT scores. Those with “very great” LIFT were promoted at more than twice the rate as those with “some” LIFT. It is important to note, however, that even those with “some” LIFT were promoted at rates consistent with the organizational average for those at similar career stages (who had not participated). This is a critically important point for participants and the organization, and consistent with the PLDC program messaging and the concept

of LIFT in general (i.e., that low scores are not necessarily career ending and that all participants can develop and grow).

Perhaps equally importantly, turnover rates one year after assessment were low and almost identical across LIFT groups. The exception being participants with very great LIFT who were four points higher than the other three LIFT groups. Given that turnover in general was low and consistent with the overall average turn at this same level in the broader population, this finding clearly debunks the “mass exodus” concern that many senior leaders and HR professionals worry about. In short, being transparent with an objective assessment of potential did not result in a significant loss of our “B” players who deliver results every day for the company.

5. The Program Produced a Clear List of Top Talent for Accelerated Development, and Development Feedback for All

So far we have focused on program outcomes as they relate to employees. It is also worth noting that the PLDC produced key strategic talent management insights needed for the organization as well. Specifically, because of the transparent nature of the results we were able to generate a universal list (not a secretive one) of over 530 individuals with significant future leadership potential for targeted accelerated development. A second administration this year has brought that total to over 850 high-potentials. In terms of meeting the goal of identifying and differentiating talent, the validated PLDC process is clearly providing us with strategic line-of-sight into our overall “talent inventory” at this level of the pipeline for the future bench of the organization.

Equally important, however, from an organization development perspective (Church, 2013) and in support of our talent sustainability agenda was ensuring that all participants received high quality feedback and development from the

program regardless of their level of LIFT. Thus the program rollout focused on enabling feedback conversations with managers, and providing HR and OD partners in the business with the tools and capability needed to deliver quality development plans. Survey results nine months later (at year end) indicated we were successful in our efforts with 72 percent saying they were actively working on their plans and goals, 21 percent indicated they had completed goals, and only 7 percent admitting they hadn't stated working on development yet.

In short, being transparent with an objective assessment of potential did not result in a significant loss of our “B” players who deliver results every day for the company.

6. Transparency of Potential Had No Impact on Organizational Commitment, Career Outlook and Development Optimism

Finally, to examine the impact of the transparency of assessment results on more than just the program itself, we also asked participants a series of attitudinal questions about career development, career outlook, and organizational commitment. These were questions taken from our broader and well-established Organizational Health Survey. We were particularly interested in seeing if: a) these perceptions varied by LIFT score; and b) if they varied over time post-assessment. Consistent with other ratings, results indicated that there were no significant differences across LIFT groups in attitudes such as company pride, career outlook (“this is a company where I can have a successful career”), and career development (“I feel that I have the necessary information to manage my career effectively”).

There were, however, differences found across the two time periods surveyed. Regardless of LIFT group, and across almost every attitudinal question measured, ratings at the nine-month post-assessment period were significantly higher than the three-month ratings (ranging from three to 14 points). Interestingly, the two items that showed the highest jumps overall both concerned having the information needed to manage employee careers. In particular, the item “I have the necessary information to choose development focus areas for building a development plan” went from 83 percent favorable right after the assessment process to 97 percent by the second survey at nine months. We can only surmise why this might be the case, however, it is reasonable to assume that participants (again, regardless of LIFT) had more time to understand, utilize and therefore appreciate the assessment and development resources provided to them. This is clearly a positive finding and one that is counter to concerns over an assessment program based on transparency of results having a lasting negative impact on employee attitudes and engagement.

Conclusion

Overall, based on these results we believe that the PLDC program itself and the concept of transparency of assessment results of future potential, in general, was a major success. The program delivered on both the organization development goals for employees as well as the talent management goals for the organization, while maintaining a high degree of integrity in the process. Survey feedback from employees confirmed that program met their expectations; the assessment data was helpful to them in driving their effectiveness and development plans; supported and provided clarity regarding their career goals; and enhanced their overall attitudes and engagement with the company. Further, the assessment itself shows important signs of working the way it should. We saw strong linkages to performance and promotion rates, and no negative impact on turnover. In sum, our approach to transparency of leadership potential in the PLDC has enabled PepsiCo to deliver on the career promise it has made to our people through the implementation of a consistent, rigorous, and transparent assessment and development model. Our hope is that these results will serve as a catalyst for greater transparency in ours and other organizations throughout the entire HR and talent management life-cycle. 📌

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Executive Roundtable: Candor and Transparency in the C-Suite

There has been a marked increase in transparency in business, whether intentional or not. At the same time, there has also been an increased discussion about the importance of transparency as a leadership characteristic and the limits of authenticity. What is the relationship between transparency and candor? What are the implications for leadership authenticity in the real world of an operator's day-to-day job and the organization? Executive Roundtable Editor **David Reimer** and **Sonja Meighan** of Merryck & Co. recently asked four senior operators from a range of industries how they are handling candor and transparency in the workplace.

Executive Roundtable Participants

Chris Brown
President
Vestas Americas

Mark D. Moreland
President
Full Sail Brewing

Noha El-Ghobashy
Associate Executive
Director
*American Society for
Mechanical Engineers*

Kathy Murphy
Former CEO
Corning Gilbert

People + Strategy: What are the business implications of transparency in your industry today?

Kathy Murphy: The importance of transparency has increased over time. In the past, people felt like they needed to focus primarily on doing their job. The organizational culture has changed to where people at all levels want to know how their work contributes to the bigger picture. The culture has become more open and it's appropriate for people at all levels of the organization to ask questions and offer input to leadership regarding what they are seeing and thinking.

Noha El-Ghobashy: [Transparency] is not only a requirement from a regulatory standpoint, it's imperative for good decision-making. Some instances have to be collective: ways to identify conflicts, ways to build trust with partners, stakeholders, and donors, many of whom who are working with us on a volunteer basis. They are giving up their time and donating their skill set. We owe it to them to operate in an environment of transparency.

Chris Brown: The challenge facing us as leaders is we are driven by the speed of decision-making so trying to get consensus can be detrimental to the agility of a company. We need to find a balance between speed and making sure everyone believes they had a right to participate in the conversation and the decision-making process.

Kathy: During the time I was in procurement at Corning, we were becoming much more open with suppliers about what we were looking for. We were a lot more transparent around how we were using the products and services we were procuring. Greater trust was put into the supplier–customer partnership and we were significantly more transparent in sharing information and working together.

Mark Moreland: I've worked in large companies and smaller ones, and from my perspective, in the smaller companies transparency is much more intimate. I am in craft brewing now, and

what makes it so fun is it is personal. From a life philosophy and certainly a management philosophy, I want to help employees. I want to be authentic with them, and I want to connect with them.

Kathy: In my sales role as the head of Corning, I strove to have open and transparent relationships with customers. I knew that our company could serve our customers' needs better and could be a more valuable partner when we understood their business needs. Having transparency in both directions fostered much stronger relationships.

P+S: Is there a connection between transparency, accountability, and authenticity?

Mark: For me, transparency is about what we are doing. It is being clear about what is going on in the organization, both good and bad. From a leadership standpoint, it's much more operational and transactional. It's about creating a level-playing field so everyone feels they have a voice. Without transparency, we allow team members to make their own assumptions about what the company is, what it stands for and where they fit.

Kathy: Transparency is not about blurring out whatever comes into your head. There is an element of accountability that comes along with transparency. When you convey transparency and convey authenticity to people and you want them to believe that is who you are, they will hold you accountable for whatever transpires.

Chris: Transparency forces you to look at yourself in the mirror to say, "Did I actually do what I said I was going to do?"

Mark: Authenticity is much more about passion and trust. It is why you are doing something. It's about people understanding where you are coming from and trusting the decisions you are making. It's your overall management philosophy and how that ties into your life interests.

Noha: I see accountability in many ways as validation rather than policing or trying to say, "I was right or wrong." It's about being up front about how we got to where we got and not being afraid to say we did not end up where we had intended. Accountability is being open rather than trying to justify or be defensive about the decisions made.

Mark: To me, transparency and authenticity are tied together and accountability is the outgrowth of the two.

P+S: What impact has the regulatory environment had on transparency and candor?

Noha: We rely on transparency in the regulatory environment to ensure compliance. We set standards for equipment, machinery, and our products and services that we use in everyday life to ensure the health and safety of the people that ultimately use them.

Mark: Sarbanes-Oxley helped, much as I might not like to say that, because now we all understand and operate by the rules. [Coming out of 2001, when companies such as Enron, WorldCom, and Kmart all faced significant problems...] Fundamentally, I think what happened in that period was people were trying to stretch boundaries and spin bad performance, which led to less productive conversations within the management team and between the management team and board. If management had a fundamental philosophy of being clear with the board, investors, suppliers and customers, I believe alternative solutions would have been more aggressively pursued. For me, the key takeaway is, if you aren't appropriately transparent with the right people, people can't help you.

Noha: There is a lot expected of leaders today in part because of the abundance of information available. Some leaders try to have all of the answers and argue that everything is fully controlled and quantifiable. This is where authenticity comes to play because that is not possible.

What does authenticity mean for you in a senior leadership role?

Noha: From my perspective, I want to make sure I show up as a leader every day. I may not know the answers—and that is ok. I need to be transparent about my thought process when leaning on others for input. You don't have to have all of the answers yourself. It is about being honest with yourself about your weaknesses and finding ways to mitigate those weaknesses.

Kathy: I think people come to trust you when you are truthful about saying you don't know the answer, or saying "I am not ready to communicate the final answer on that, either because we haven't decided it or because we are working through how we are going to communicate it." I think that true authenticity is being up front and honest with people and letting them know the facts.

Chris: When I am with employees I recognize I need to slow down and be transparent because my words can be interpreted as a knife, as a sword, or as a shield and can do a lot of damage if misinterpreted. That is where as a

leader you have to be careful with what you say and how you say it.

Mark: I have a set of pillars that guide my management philosophy – these are core to who I am and to my authenticity as a leader. The first is around compensation, the second is the two sides of the coin of work/life balance and professional growth, and the third is the business environment of trust, respect and feeling valued in the organization. My basic ask of my employees is to speak up if something doesn't feel right around any of those three pillars. If that is the case, we have to talk about it, be transparent and have the conversation. I firmly believe that if those three pillars are aligned and pass the smell test, we have probably created a good workplace.

Chris: The challenge, to be frank, is making sure the people you work with feel like they can have that kind of trust. If I am going at someone really hard my fear is that I am too intense and I'll just shut them down because I'm coming at them 100mph and I am the CEO. Like a turtle they go back into their shell and suddenly we are not equals anymore.

That's when I have overcooked it. That is when I have to step back and say no more caffeine, a little more ear time, more thinking, and a little bit more humility. And that is hard.

P+S: Was there a time in your own development as a leader where you saw authenticity or inauthenticity displayed in a way that crystallized your view of it?

Chris: I had just joined a major utility and had been overseas. I came back as an executive vice president, and we were going through our annual meetings, and our CEO gave a PowerPoint presentation. You had to do it three times in a row with 1,500 people at each round. After the second presentation, I looked at him and said, "Wow, it's amazing! It's like you believe it every time you say it." Then I realized I'd just accused him of faking it. He looked at me like, "You just said I'm either lying or I don't believe it." What I meant to communicate, though, was, "How do you manage to be authentic every single time?" That repetitive presentation scared me because I don't want to be a robot, but on the other hand you need to stay on message. If I am giving the



same presentation over time, how do I make sure I am listening and connecting, and staying mindful and aware of what people really want to hear from me and what I need to hear from them?

Mark: I have gone through several different mergers within the craft brewing industry. You have organizations in this business that are very proud. When I was CFO at Widmer Brothers and we merged with Redhook, I don't think we understood the depth of well-earned pride residing at Redhook. With the Redhook merger, it took us three years to get to where we thought we had a decent culture. If we had been more transparent, we probably could have accelerated that merger. When we bought Kona Brewing, I think we learned from our previous experience and were much more aware of their needs.

Kathy: In the late 1990s and early 2000s, [Corning] went through a heavy period of acquisitions. The leadership

our intent was to make the company stronger and more competitive. He was clear and open about the fact that a subsequent transaction was in the cards and that the best thing we could all do for the company was make it stronger and more valuable. By being crystal clear and honest, he helped accelerate the employees past the concern of being bought by private equity. The merger occurred in mid-March and any lingering concerns were resolved by the end of summer. The success of this approach came from who the CEO is as a person - he was willing to be vulnerable, he was open to the conversation and was not defensive.

P+S: What do you see HR's role as in fostering the right levels of transparency and candor in the organization?

Mark: HR should help clarify the expectations around transparency, accountability and authenticity and help ensure consistent messaging and execution.

place without fear of retribution. It is not just about being in the employee binder, but really being talked about and encouraged company-wide. I rely on HR to fill in knowledge gaps and to help identify a framework that I can operate within. HR ultimately partners with me to develop the staff in a way that is commensurate with the direction the organization wants to go.

Chris: The business-partnering concept is most important. We assume that, much like hygiene, the employee benefits, and the documentation of what you get in salary—you have to do it, and it better be seamless. But the business partnership comes in making sure the HR professional is also a commercial professional. I see the HR professional and the CFO as being partners. The HR professional has to know the share price, how to drive value, what type of personality you need. That person needs to be ready to hypothetically step into the CEO role. Much like DNA is a unique identifier to each person, an organization's employees are its DNA. The CHRO is the DNA-customization person, and the person holding the accountability metric from the lowest-level employees to the highest. If the HR person does not get on it and say to anyone in the company, "You did not perform," then there is a problem.

Mark: In my opinion, transparency is critical for the success of an organization. If you do not have leaders that are living up to their stated expectations around transparency, then you do not have the right leaders. HR leaders need to be actively engaged in and driving this conversation, helping coach, guide, and amplify the organization's transparency.

Chris: I told the HR leader who works for me, "Come back to me and tell me how we are going to drive profitability up." I asked her to finish this sentence, "By the time I get done with this HR assignment, I will have spent this much and will have contributed this much to profitability." If an HR leader can't do that, then—coming back to transparency and accountability—he or she doesn't deserve to be here. ■■

Transparency and authenticity are tied together and accountability is the outgrowth of the two.

team had to navigate a fine line between transparency with our employees and exercising discretion with sensitive information. There was an element of trust in which people were informed about what was going on and involved in the due diligence process. At the same time, there was a great deal of respect for confidentiality and privacy of the third parties demonstrated in such a way that it taught me more about how to balance authenticity and confidentiality. I had confidence about the outcomes, because I believed the process was sound and the focus was win-win.

Mark: The event that crystallized the power of transparency for me was when private equity bought Full Sail Brewing. That was a situation fraught with concern and risk on the employees' part. During the first few months, my current CEO was very transparent about the fact that while owned by private equity,

They can also help leaders learn how to express their authenticity across the group—especially in larger organizations. It is critical how and what leaders say and HR can help with this.

Kathy: Part of their role is to make sure that transparency gets incorporated as an important value in the organization. The transactional piece of HR needs to be done, but the strategic part of the HR role is worth its weight in gold. The value contributed by HR is in the strategic guidance. If an HR leader understands that this is his or her most important role, but his/her CEO does not know this, the HR leader must sell the value of his or her role to the CEO.

Noha: HR needs to partner with Business Leaders to ensure the workforce has the freedom to be fully engaged. It is essential to foster a culture where openness and transparency can take

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SHRM'S EXECUTIVE NETWORK

Linking Theory + Practice

Authenticity: Sustainable Benefits Beyond Performance

By Hala Khayr Yaacoub

A Crisis of Leadership

In this installment of Linking Theory + Practice, we focus on the crisis of confidence in today's economic regimes, governments, businesses, and corporate leaders. Many people are in a state of total distrust. This is strongly exhibited in the large number of Americans favoring the major-party presidential candidate they distrust less, rather than the one they trust more. It is equally apparent in the strong division in the United Kingdom, where people are divided on Brexit. The French are engaged in a seemingly never-ending wave of strikes in various sectors of protest against the labor law reforms set by their government, not to mention the Fédération Internationale de Football Association and Panama Papers scandals. The list of disparaging encounters goes on in all parts of the world.

Ideally, governments and businesses alike should function according to the rule of law, with responsibility, transparency, receptiveness to the needs of stakeholders, and with the active engagement of the public on serious matters. Yet all too often, people get the opposite: exploitation, war, and dearth of public services (Sachs, 2015). Thus, we are in definite need of good governance and a new breed of leaders to guide us through the exciting and risky times of the 21st century. We have good reason to believe that those leaders should be first and foremost authentic. Authentic leadership has clearly been called upon to improve the ethical bearing of today's leadership. Over and above, authentic leadership can encompass many theories of positive leadership, including servant, charismatic, transformational, and spiritual leadership, among others (Avolio & Gardner, 2005).



“Being true to oneself” stands in sharp contrast to the celebrity CEOs and their imitators who collectively stand at the heart of the crisis in corporate leadership (George, 2003). The great man theories of leadership should be supplanted by the moral persons theories, founded on the principles of authenticity and transparency (Maak & Pless, 2006). Authentic leaders are self-aware, express themselves openly and honestly, and constantly unveil and act in harmony with their personal values and beliefs (Walumba et al., 2008). Authentic leaders seek self-awareness through self-exploration and reflection. They engage in transparent relations with their followers. They seek inputs from others while maintaining objectivity. Authentic leaders understand their purpose, practice their unwavering values, learn with passion, establish allied relationships, and demonstrate self-discipline (George, 2003).

An Authentic Solution

In the article *A meta-analytic review of authentic and transformational leadership: A test for redundancy*, authors George Banks of the University of North Carolina, Kelly McCauley of West Texas A&M University, William Gardner of Texas Tech University, and Courtney Guler of the University of North Carolina explored the potential redundancy of authentic leadership in comparison to transformational leadership, and tested the relative contribution of these two leadership constructs when predicting key work outcomes. They simply wanted to test whether authentic leadership is “old wine in new bottles” (Spell, 2001).

The authors posit that authentic leadership ignites positive attitudinal and behavioral outcomes, which in turn both piggyback on each other in a virtuous cycle of positivity. The authors

Linking Theory + Practice

Authenticity: Sustainable Benefits Beyond Performance

capitalized on previous research showing that when leaders are aware of their values and act upon them, high levels of performance result which trigger greater satisfaction with the leader and thus superior levels of job satisfaction. On another front, authentic leaders are

sense of self, the positive psychological capital of the leader, and the relational transparency with the followers. “The explicit focus on the psychological health and well-being of both the leader and the followers that accrues from the attainment of authenticity represents a

transformational leadership depicted in this aforementioned study indicates a possibility of empirical redundancy.

However, the study hinted with caution to the fact that while transformational leadership is outcome-related with an individual-level focus; authentic leadership is outcome-related with a collective focus. While transformational leadership results in task performance, leader effectiveness, follower job satisfaction, and follower satisfaction with the leader, authentic leadership is associated more with organizational citizenship behaviors and organizational performance. The central focus of authentic leadership is on empowering both leaders and followers to remain aligned to their values and goals, thus leading to contagious citizenship behaviors that are directed toward supporting collective interests.

“This focus on not only one’s self-interests but also the interests of the collective may explain why AL is more strongly associated with elevated levels of group and organizational performance.” If “performance beyond expectations” is attributed to transformational leadership (Bass, 1985), then “benefits beyond performance” can be ascribed to authentic leadership.

Many see authentic leadership as rooted in positive psychology and itself a root construct for many forms of positive leadership. However, the sources, references, overlaps, and predictors of authenticity are less of a concern to practitioners who are more attentive to reaching positive personal and work outcomes for the individual, the work group, and the organization. Given its moral standing, authentic leadership is brought to the forefront to deal with the crisis of confidence in today’s systems and leaders.

Implications

- Authenticity in leaders can be developed rather than having it as an innate trait for a fortunate few. Seeking authenticity is possible, and is a matter of knowledge, will, and moti-

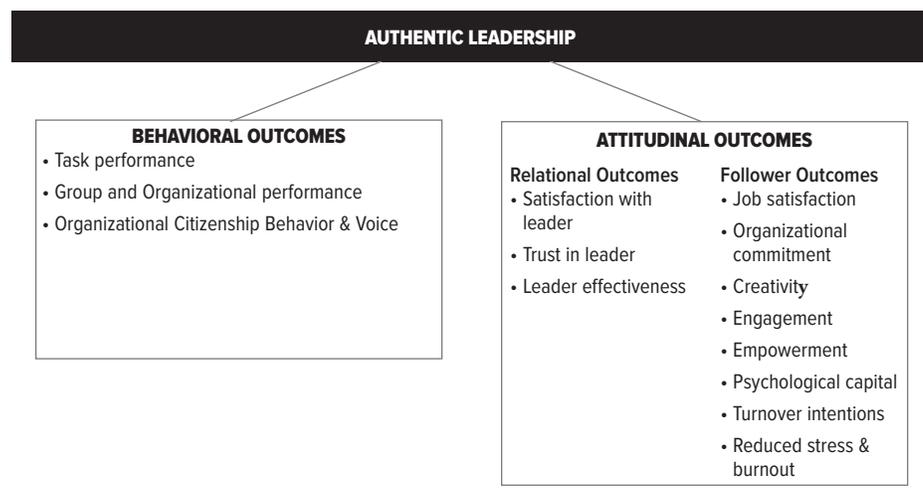
Authentic leaders venture into an inward journey to digest their experiences, learning from their ascriptive, biographical, and societal life challenges to explore their values and beliefs.

more considerate of their subordinates’ needs, which trigger organizational citizenship behaviors. On a third front, authentic leadership results in high task performance as well as high performance at the group and firm levels. The figure below summarizes the positive behavioral and attitudinal outcomes that might result from authentic leadership.

The Banks, et al., study (2016) tried to compare and contrast AL with the more established transformational leadership theory. It highlighted some of authentic leadership specificities, mainly authentic leadership’s fixation on the development of the followers’

unique feature of authentic leadership theory that is not present within the transformational leadership literature.” The research also pinpointed many similarities between authentic leadership and transformational leadership. For one thing, authentic leadership seemed to serve as a “root construct” for transformational leadership and other forms of positive leadership. Both theories shared the same underlying processes of self-awareness and positive modeling among others. Both theories had positive impacts on follower, group, and organizational performance. In fact, the strong and positive correlation between authentic leadership and

Figure 1: Behavioral and Attitudinal Outcomes of Authentic Leadership (adapted from Banks et al, 2016).





vation (Freeman and Auster, 2011). That said, the reality of contemporary life makes it easier for many to drift away from their personal values, since these become rather opaque and difficult to realize.

- Authentic leaders venture into an inward journey to digest their experiences, learning from their ascriptive, biographical, and societal life challenges to explore their values and beliefs. They are armed with strong self-awareness sought through unwavering self-exploration. Their values are formed through transformative life experiences.
- Authentic leaders do not shop for great ideas or imitate celebrity CEOs who do not walk their talk.
- Authentic leaders are constantly aware of the importance of staying grounded. They are supported by a value system that they disclose and act upon daily.
- Authentic leaders balance their

desires for external validation and their focus on fulfilling intrinsic motivations. They avoid being caught up in the pressures of the social pecking order which can pull them away from their core values.

- Authentic leaders exercise relational transparency, exhibit caring associations with significant others, and empower people to lead regardless of their institutional level. They seek advice, constructive feedback, and support from teams in times of uncertainty. Their authenticity in this sense might be contagious and engaging for the group in bountiful ways.
- Authentic leadership can result in both tangible and intangible benefits, and lead not only to elevated individual performance, but also to benefits of a collective nature that stretches beyond performance.

Exercising relational transparency with followers, caring for their needs,

exhibiting unwavering, sincere behaviors, and making balanced judgments are the hallmarks of moral and authentic leaders, the labor of which brings a whole set of relational and attitudinal benefits to the individuals and groups at the organization making positivity a healthy contagion and a force of change in corrupted and uncertain situations. ■■

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In First Person: Robert Hohman

Candor and transparency at work have become more common in today's global workforce, and the nature of both have also changed. No longer is it just the company finding out more about its current and prospective employees. Economic, social, and demographic disruptors have served as game changers, and now everyone—companies and workers alike—expect to know more about the other. Editor-at-Large **Steven Steckler** spoke with **Robert Hohman**, CEO and cofounder of **Glassdoor**, a website where people can view the latest job postings and read current and former employees' anonymous reviews and evaluations of companies and management, to find out what one CEO thinks the role of candor and transparency ought to be in the C-suite on down.

Glassdoor Opens Up Transparency

Steven Steckler: How did your views on candor and transparency—regarding how a company does business, acts in the marketplace, and treats customers and employees—shape the mission and launch of Glassdoor?

Robert Hohman: I'm a software engineer and was part of the team that started Expedia. The importance of transparency for me began to be shaped there because prior to online travel, the travel landscape was not very transparent at all. You had to go to a travel agent to find out what was available including hotels and flights. Before TripAdvisor, it was extremely hard to figure out which hotels were really good. In those days, you relied really on a lot of AAA star ratings, but those weren't terribly good and not very fine-grained. Travel was my eye-opener to the power of transparency in an industry that required a decision-making process.

When it came time to starting

Glassdoor, I had already helped launch Expedia at Microsoft. Microsoft had a very transparent culture. It was a meritocracy that tried very hard to be fair and open with people. For example, if anyone found a spreadsheet of everyone's salary and equity, you could look people in the eye and explain why everyone's pay was set the way it was set. That was just kind of philosophically how we ran it.

After I left Expedia, I was really drawn to this. When it was time to do another start-up, we looked at a whole bunch of different verticals. Richard Barton, my colleague at Expedia and cofounder at Glassdoor, went on to create the real estate site Zillow. Sometimes when there's a big decision to make, there's not a lot of information to help you make it. If we could help people get a sense of the value of houses were, they could make better real estate decisions. We looked at a bunch of other verticals, and I really liked this

one because I really think that where you choose to go to work—the years that you will put in a company—is one of the biggest decisions you will make, especially for those that are regularly not dealmakers. A salary negotiation is probably their second highest stake negotiation ever, right behind buying a house.

SS: How did you realize that this could not only be important for employees, perspective employees, and even companies, and at the same time be a successful business model? How did you make that leap to “this is also important for employees”?

RH: Work is such a huge part of our lives, and the whole process of being hired and negotiating salaries and preparing for interviews is so shrouded in secrecy. We felt that if we could bring some transparency to hiring transactions, it would be much better for

people and for companies. We started the company looking for the benefits that we could provide to job seekers and employees. That really was what we wanted to do at the highest order, to figure out how to solve the key pain for these people.

My experience having run a company that was trying to be transparent gave me a very palpable understanding that we had to do this in a way that was fair. I always felt we would know if it was working if the vast majority of employers felt it was a safe—that Glassdoor is a safe place for them to participate. If they didn't feel that way, then we were probably doing something wrong, and we needed to find that balance. That was probably one of the hardest things that we had to figure out.

SS: How did you achieve this safe-harbor status? How did you create that reputation—that you were a company with gold standard ethics that allowed other companies and employees to provide this kind of information?

RH: We knew that for employees to provide this information we would have to provide anonymity. We heard that loud and clear, so we went out and talked to users; we showed them the concepts for Glassdoor. They loved it, but also felt that for them to contribute, they would have to be anonymous. I felt there needed to be rules in the community about what was fair game, because we looked at other companies that tried to do what we had done, and they kind of devolved into complaint sessions. We wanted to help people make better decisions and not be a site that just collected complaints. Our mission and goals were to help people find a job in a company they would love, and so that was our North Star.

When we launched, we started reading every single review that came into the site on the day we launched. We didn't launch thinking we would continue to do that. We just thought we'd see how it went for the first week or so, and I just read them all. What we discovered rapidly is that that action on our part was a critical component of us exercising our responsibility in the community because we could see the

information going out there. We could get a sense of what belonged in this community and what didn't belong, and that very rapidly led to a set of rules: no reference of inside information in a company and no mention of any names of people below the C-suite.

Our community told us rapidly that the CEO is a quasi-public figure, so it's okay to talk about them but not okay to

As the war for talent escalates and as there are more companies fighting over a very small set of highly-talented knowledge workers, employer brand and transparency and engaging with those people becomes really important.

talk about your manager, John, because that would create an awkward tone for the site. This became a pivotal moment as we began moderating content. We realized that these rules and this moderation process would form the bedrock of the site.

SS: So that was your moment of truth when you made the critical decision to say, “We really need these rules and need to abide by them and uphold them”? Looking back, is this why you gained so much traction?

RH: We knew that some rules and integrity were an extremely important part of the mission from the beginning. We knew that we would be in situations where we would have to stick to our beliefs and turn away companies or turn away business—never compromise our ethics. What we didn't yet know was that human moderation of the community would be so important, so that was a defining moment, just how important the subtleties are around what you allow in a community. We learned that even subtle changes can change the tone and tenor of a community.

SS: When you say the “human factor,” does this mean there's not an algorithm that you use to place information onto the site, and instead still have a “human review”?

RH: Over the first seven or eight years of Glassdoor's existence, literally every single review was read by a human being before it went live on the site, which is very different than any other review site, like TripAdvisor. For example, at Yelp and other similar sites, you leave a review, it goes up and then if someone finds something bad and flags it, then the moderators look at it. We weren't like that. We looked at it and had to approve it before it went up. We are at the point now where we have seen many millions of reviews. We now use machine learning scoring to speed-up things that we are pretty confident should or should not go up. Then we look at the things in the middle that could possibly be in a gray area.

We have 12 million reviews, salary reports, benefits reviews, and interview reviews for a total of 540,000 companies today. When we first launched, we had 3,000 reviews for about 250 companies—a lot of growth.

SS: Have companies become more honest and transparent as a result of Glassdoor and other similar platforms?

RH: I do think that companies and leaders have become more transparent. We know our data has been taken into management meetings, executive meetings, and board meetings. We know we are showing up in 10-Q filings. As the war for talent escalates and as there are more companies fighting over a very small set of highly-talented knowledge workers, employer brand and transparency and engaging with those people becomes really important. Most employers are seeing that. Our role in that was that we provide data. A lot of companies don't have good visibility or insight into how they are perceived, and we were the first that could provide them that mirror. The vast majority of companies now proactively engage and look into that mirror and figure out what their strengths and weaknesses are, and what to highlight and what to work on. From

In First Person: Robert Hohman Glassdoor Opens Up Transparency

Work is such a huge part of our lives. The whole process of being hired and negotiating salaries and preparing for interviews is so shrouded in secrecy.



that standpoint, we have helped usher in this age. But it was going to happen anyway.

We don't take credit for all this transparency. The world has been on a 30-year trend of becoming more transparent just on the sheer back of increased communication skill. We are just bringing it to a new and different era.

SS: Have you had any incidents where you were made aware that employees were gaming evaluations either to create a more positive or a negative image of their company?

RH: We see it from time to time, and it happens in a couple of ways. Sometimes we see it in the data and we have various ways that we detect that. There also have been times when our community will alert us. Every now and then a company will send a message out saying, "go leave only positive reviews on Glassdoor," or something like that, and we usually end up with a copy of that mail.

SS: So you have multiple safeguards when that happens, whether it's the machine learning piece that alerts you or if you are given a heads-up that something is not as it should be?

RH: Absolutely. Especially now that we've seen millions and millions of

patterns of data on companies, we know what a normal distribution of data should look like. If it's abnormal, we will look at it. Sometimes it's okay, but sometimes it's not. If not, then it will all just come down.

Right now, we reject about 5 to 10 percent of content that comes to Glassdoor for those kinds of reasons. So, if they don't read our community guidelines or they get flagged for not meeting those community guidelines or terms of use, they get rejected from Glassdoor.

SS: What about generational differences? You started out in 2007. Some things have changed. For example, the gig economy wasn't as commonplace as it is now. Also, discussion of generational differences seem more pronounced. Do you have any sense of the differences in how Millennials, Gen Xers, and Boomers use your site?

RH: We've been surprised at how broad the demographics are. About 30 million people use our service each month. Millions of people in the 45- to 54-year-old demographic are using us. We did a survey recently of 100 companies and found out that about two-thirds of their interviews funnel through Glassdoor at some point in the process. Applicants may not have applied to the company via

Glassdoor, or they may have, but they use us at some point in the process to research the company and decide whether it is a place they want to work or to research salary and so forth. It's very broad.

User demographics do skew younger, though, and the penetration increases the younger you go. There is a fascinating trend that we are seeing among Millennials and younger people, which is that they want to find purpose in their work. My generation and older separated work from philanthropy. You worked to pay the bills, to grow your career, and then you did good. People age 35 and under want the company to figure out how to align those two things for them, and that is where transparency will come into play. They want to know they are working for a company that's making a positive impact on the world, so that they can feel good about their work and not have to go do something separate. Increasingly, they are drawn to companies that are proactively trying to align that—whether it is giving a percentage of profits away or connecting the dots on how what they are doing makes the world better. They do not want to have to disconnect the human impact of their time from their work time.

SS: How can greater transparency impact productivity, engagement, and

the bottom line? What's the challenge or opportunity for HR?

RH: There's no doubt that employers need a positive employer brand, and transparency is a huge part of that. We know it costs those companies less to recruit. They typically can hire quickly if they have access to a level of talent in the knowledge economy. Those companies with a negative employer brand just don't have that. When you think about it at a very high-level, the hiring process is really opaque and, as a result, people make mistakes and companies make mistakes. Every time that happens, it costs a lot of time and money. If you added all that time and money up, it's got to have a major impact on GDP. As you shine more light onto that transaction, anything that we do to help companies and people make better decisions about that hiring transaction will impact their lives in the company, and we start to add to the GDP at a very high level.

SS: What trends have you seen regarding the convergence of HR and the marketing function, especially around branding?

RH: First and foremost is an increasing use of analytics and measurement. The best HR functions are beginning to use traditional marketing mechanisms to measure how people are coming into their talent acquisition pipeline, how much it's costing them, how different forms of media perform, and how to optimize across those different forms of media—very much like a marketer would do. Let's call it a direct response marketer. Then there are the HR people who are worried about the employer brand, very much like a brand marketer, and they are measuring sentiments, they are measuring change over time. They are trying to connect the emotions and values associated with their brand and then leveraging that in their media.

It really is true that a lot of what is going on in HR is very similar to what marketing began doing 15 or 20 years ago. Now what we're seeing more and

more in HR is the same stage that marketing was very focused on with analytics and CRMs—people coming to work at a company as part of a long-term talent community/talent journey. The idea is that we are not going to just have transactional hiring, we are going to have a long-term relationship, and I may cultivate you for a while and then hire you five years from now.

SS: Glassdoor has expanded into working with companies and employers on effective recruiting and branding. What have you learned about working with companies and what employees really want?

RH: The best companies are beginning to think hard about their employer brand, and they are bringing analytics to bear on that. I have seen a wide divergence in abilities there, and the best companies are investing in that.

SS: What kind of analytics?

RH: I think it falls into a couple of buckets. There are analytics around how we get people into our company, *recruiting analytics*, and the best companies are much more thoughtful about measuring how they do that and becoming better optimized to help them hire quality people faster. Then there's a whole set of analytics around once someone's in—how we identify how they perform and best nurture them. Those are the *people analytics*. For the most part, recruiting departments are responding positively to the macro forces, with one exception, and that's mobile. Employers have not quite woken up to the power of mobile and what candidates expect in terms of a mobile experience.

Half of our site is mobile. More than half of LinkedIn is mobile. Half of Indeed is mobile, and yet if you ask your readers how many of them can take an application on the phone, the vast majority probably would answer that they cannot, and a large percentage haven't even thought about it.

Yet they are hiring technical roles, people who expect to be able to do an application on a mobile phone.

In fact, there are a lot of people who don't think of using a computer instead of their phone to search for a job. They have to train themselves to do that because their go-to is their phone, and when it comes time to apply from their phone, they can't.

SS: If you could recommend one action that C-suite leaders—including HR executives—should take right now to move the needle on transparency and have that impact that we've been talking about, what might that be?

RH: I'll give you the high level and then the actions they could take to do it. They have to get executive alignment and commitment behind transparency. The world is not going to get less transparent over the next decade; it's going to get more transparent. I meet a lot of HR leaders that understand that. The one action they can take is to get alignment with their executive teams and their CEOs and leaders on how important that is. It's important that CEOs get it and become engaged.

That could mean looking at the data that they get from Glassdoor, responding to reviews on the site, running their own campaigns to monitor sentiment. It's not just our service, there are lots of services that can help now. The main thing is to have brave HR leaders who can step up and seek alignment with executive management, because it matters to the long-term ability of the company to attract talent.

SS: Is there any other piece of advice that you think is really critical in terms of this topic?

RH: It's important to remember that transparency is a conversation. Many companies have adopted social media practices where they are beginning to push out information to followers, and that's very important. Transparency means being humble enough to admit when you are wrong and have a conversation with people and highlight your strengths and admit your weaknesses and fix them. That's what we recommended to people when they respond to reviews on our site. 🍌

CALL FOR PAPERS

People + Strategy Journal 40.2 (Spring 2017)

Transforming Organizations: The Role of Alignment

Executive Editor: Marc Sokol, Ph.D.; Managing Editor: Mary Barnes; Guest Editors: Mary Cianni and Steven Steckler

Theme of the Upcoming Issue

Businesses are transforming at a faster pace than ever before as an antidote to stalled growth and success. For most companies, this is a survival tactic. Changing leadership, setting a different strategy, or implementing new operating models or structures each initiate transformation. Corporate transactions, such as mergers and acquisitions or divestitures, are increasingly intertwined with these planned transformations, with culture at the heart of the change itself. Experience has shown that transformation is difficult to achieve and then sustain.

This issue focuses on how to achieve sustainable business transformation and the critical role of alignment as a prerequisite for any successful major change and desired transformation. By alignment, we mean that organization design, leadership, talent, and culture are explicitly linked to and act in support of business strategy and transformational goals.

Top leaders own the accountability to align organization design, leadership, talent, and culture with a new or refocused business strategy and take the actions required for transformation. HR has a significant role in creating and supporting the alignment agenda and roadmap and in helping leadership with making the right decisions. In this issue, we seek to explore the intersection of leadership, talent, and cultural alignment to achieve transformation, successful change, and the critical role of HR.

Topics to Consider

This issue of *People + Strategy* will examine the importance of aligning strategy, leadership, organization design, talent, and the fabric of culture to achieve meaningful and sustainable business transformation. We invite authors to submit articles, case studies, and research on a range of topics including, but not limited to, the following:

- What are the logical starting points and key first steps in aligning the organization in preparation for transformation?
- What proven leadership tactics have been shown to increase the success of achieving transformation first and then sustaining it?
- When mergers and acquisitions, divestitures, and other inorganic growth models are selected, what unique challenges result? What has worked in preparing the organization to reach alignment, achieve short-term value drivers, such as synergy targets, and then transform for longer-term growth? How can you convert the existing

corporate culture to become a force multiplier to achieve the transformation?

- How has HR strategically and operationally contributed to achieving alignment and ultimately successful transformation?
- What has worked to create the agility required for continuous transformation?
- Why do so many leaders and organizations fail to achieve the change and transformation that is needed? What are the typical missteps, lessons learned, and best practices to increase success?
- How have you seen a common approach to alignment and transformation work in the various regions and countries of the world?
- Case studies for successful transformations or lessons learned from failed transformation initiatives.

Our Audience

The typical reader of *People + Strategy* is an internal human resource executive or consultant seeking actionable and practical advice based in sound evidence. Our reader wants to be challenged by new practices, approaches, and models. Our readers are experienced, knowledgeable and work in and for a variety of organizations across the globe. They turn to *People + Strategy* for clear, actionable, and thought-provoking articles on current topics.

Types of Submissions

Articles can take a number of forms, including frameworks for understanding and taking action on a topic, presentation of research findings with interpretation, case studies illustrating best practices or essays advocating new ways of thinking about an issue. Articles from consultants are especially interesting when they are written collaboratively with practitioners from a client company.

Submission Process

We encourage submissions of one-page proposals and article ideas first to the editors prior to submitting the completed article. All proposals will be reviewed by the editors and returned to the authors with comments and recommendations. If accepted, we will then guide you on the development of your article. Final submissions will be reviewed by members of the journal's editorial review board. Criteria for evaluation include significance of contribution to the field of human resource management; usefulness of knowledge; timeliness of content; originality; provocative nature of content; quality of the data supporting the points; logical; and well-written. The reviewers' comments will be sent to authors.

Writing Style and Guidelines

Articles can range from 2,000 to 3,000 words. A **maximum** of one graphic per 750 words is allowed per article. Perspectives articles range from 500 to 700 words. Book reviews should be around 700 words. See examples of articles published in the journal at <http://www.hrps.org/PSJguidelines>.

Time Table and Submission Information

All proposals should be sent to: Marc Sokol at editor@hrps.org. Please designate in your subject line that the submission is for the Spring Issue: Transforming Organizations: The Role of Alignment. Please indicate if your article is based on any prior publication or is also currently submitted to another publication for consideration.

Nov. 1, 2016: Proposals due. Submit a one-page overview of article concept and author's bio.

Nov. 15, 2016: Feedback provided. We will provide feedback and direction on your concept.

Dec. 16, 2016: Articles due. Submit a well-written draft ready to be edited.

Dec. 30, 2016: Feedback provided. We will indicate if the article is accepted, and, if so, what revisions are needed. If your article is accepted, we will work closely with you to shape and revise it to meet the final submission deadline.

Feb. 10, 2017: Final articles due. All articles are due in final edited form.

Review Process

Contributions will be reviewed by a committee, and each paper will get at least three independent reviews, based on criteria including relevance, clarity, soundness and power of the arguments, generality of results/claims, and novelty. Papers will be accepted based on this criteria and space availability. Accepted papers will be published in the Spring 2017 issue of *People + Strategy*.

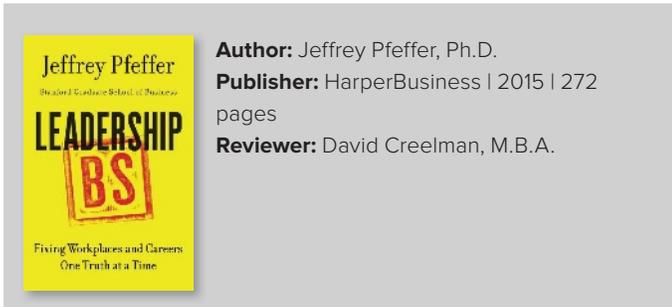
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Book Reviews

Leadership BS: Fixing Workplaces and Careers One Truth at a Time



Author: Jeffrey Pfeffer, Ph.D.
Publisher: HarperBusiness | 2015 | 272 pages
Reviewer: David Creelman, M.B.A.

In his latest book, *Leadership BS: Fixing Workplaces and Careers One Truth at a Time*, Stanford professor Jeffrey Pfeffer tells us things we would rather not know. He tells us that the leadership development programs we're running are not working; he tells us that bad behavior often pays off; and he tells us that if we are honest and trusting it will probably hurt our careers. It's a tough message; that's why you need to read the book.

Pfeffer's core point is this: Leadership is in bad shape and if we want to fix it then we need to start by confronting the reality of how things work. Telling inspirational stories of wonderful leaders doesn't help; in fact, it hurts by shielding us from the truth.

The most difficult part of Pfeffer's argument—and this is the bulk of the book—is his observation that to get ahead you shouldn't be modest, that authenticity is overrated, that truthfulness is not necessarily a good idea, and that you should put your own interests ahead of the good of the organization.

The argument is difficult because it contains a couple of separate strands that Pfeffer doesn't always adequately separate. One strand is that this is simply observation. Pfeffer is not saying you ought to behave badly, just that if we observe how successful leaders behave, that's what we see. One implication of this observation is that if we don't like unpleasant behaviors, then we need to change how we select, train, and reward leaders, because the way we're doing it now results in leaders we don't want.

The second strand in Pfeffer's argument is in some ways the opposite of the first. He is deeply concerned that the advice we give young leaders (for example, be authentic, be trusting) will get them blown up in the real world. His argument is, first of all, don't take a simplistic view of things. Sometimes it is better to be economical with the truth, and being overly modest isn't a virtue, it's just foolish. He also wants young people to know that it's a jungle out there and that if they believe the leadership literature about leaders

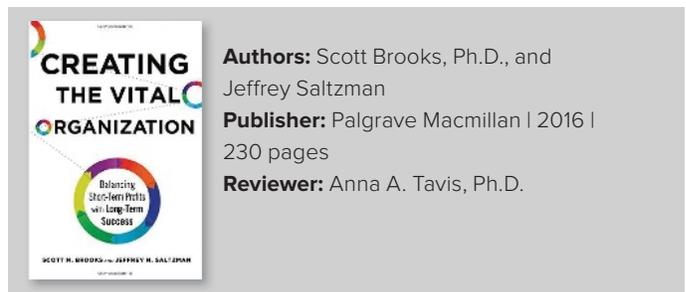
being selfless and trustworthy then they'll get eaten alive. For individuals the lesson is clear, understand the world as it is, not as the leadership gurus tell you it should be, and navigate accordingly.

Pfeffer's recommendation is to start by recognizing that what we are doing isn't working to create the kind of capable and ethical leaders we need. From there, the most powerful intervention is to hold leaders accountable for the workplace outcomes we want. Secondly, and unfortunately a bit less tangibly, Pfeffer wants us to pay attention to how a leader's interests and the organization's interest diverge—that's not exactly an action plan, but it is a precursor to doing anything about that divergence. Finally, if we are going to invest money in leadership training, then let's spend that money on trainers who have sound credentials and scientific evidence to back up their approach rather than feel-good speakers.

Adopting an evidence-based approach to HR won't always be pleasant, but if we do want better outcomes, then the first step is to face the truth.

Reading *Leadership BS* can't help but raise a broader question: how much of what HR does is based on wishful thinking rather than the truth? If we look at teamwork, engagement, and diversity they all share the feel-good characteristic that Pfeffer slams in the leadership space. Adopting an evidence-based approach to HR won't always be pleasant, but if we do want better outcomes, then the first step is to face the truth.

Creating the Vital Organization: Balancing Short-Term Profits with Long-Term Success



Authors: Scott Brooks, Ph.D., and Jeffrey Saltzman
Publisher: Palgrave Macmillan | 2016 | 230 pages
Reviewer: Anna A. Tavis, Ph.D.

"The new organization: Different by design" topped Deloitte's Human Capital Trends list as the most pressing

organizational need for 2016. The report called for a fundamental review of corporate cultures as we know them and for a future-focused redesign. *Creating the Vital Organization: Balancing Short-Term Profits with Long-Term Success* by Scott Brooks and Jeffrey Saltzman could not have been a better timed resource. It represents a practical answer to Deloitte's question about the need for organizational redesign. It provides readers with a guide on how to resolve the difficult tradeoff between current organizational performance and future strategic potential. It is the "how" to Deloitte's "what?" for organizations of all types, offering comprehensive assessments, a broad battery of helpful tools, and alignment recommendations.

The authors, seasoned organizational consultants, long-time partners, and founders of organizational consulting firm OrgVitality, have been in the business of helping organizations with employee engagement and people strategy for a couple of decades. Their perspective is uniquely practical, yet grounded in well-tested research and science.

How should the vital organization be positioned then on the long list of organizational types that have proliferated in increasing numbers in recent studies? Is the vital

Creating the Vital ... provides readers with a guide on how to resolve the difficult tradeoff between current organizational performance and future strategic potential

organization different from the more familiar learning organization and from the green, lean, agile, and fast companies which also have been recently in circulation?

Vitality is classically described in the book as a dynamic balance to be achieved between exploitation of current performance and exploration of future potential. It applies to all organizational types and all organizational levels, from mega-companies to startups, individual business units to project teams. In the age of transient competitive advantage, both approaches are essential. If you did not concentrate on delivering everyday results, the business would not exist, and without preparing for new opportunities, the business will not last.

The study offers different ways of thinking about strategy, ways of securing innovation and making change happen; it stresses the importance of initiating and protecting change and making it stick. It describes pathways to becoming agile and resilient in pursuit of vitality. It offers lessons in experience as well as recent research in organization psychology.

Take the chapter on leadership described as pivotal to the vitality strategy. The first and perhaps most critical test of leadership is evidence of how aligned the top team is in its commitment to the organization's long-term and short-term needs—how willing executives are to resolve unavoidable conflicts about resource allocation and how much

"sharing across the aisle" actually takes place. The second proof of vital leadership is executives' relentless communication out to the entire organization, senior-level prioritization, and necessary financial and resource sharing.

Targeted vitality assessment concludes the chapter on leadership. It breaks down the concept of "vital leadership" into seven easily identifiable capabilities, starting from the presence of senior team's shared vision and understanding executive's individual roles to overall leadership confidence and commitment to success, the ability to resolve conflicts, align resources and rewards, and not the least to speak in one voice to the rest of the organization.

Similar self-assessments are included at the end of each chapter. The chapter pattern is repeated throughout the book guiding the reader toward building a vital organization up from the effective operations to strategic innovation. Each reader is invited to evaluate how they and their organizations currently rate and assess how they can start building from there.

The chapters that represent a detailed inventory of competencies and milestones necessary for creating a vital organization are followed by three chapters that review the context and conditions in which vital organizations succeed

Of particular note is the chapter on decision-making. Here the authors acknowledge the constraints companies may experience going through their decision-making process. The chapter highlights some of the most common biases and heuristics that might be generally useful mental shortcuts but could be derailers in cultivating strategic thinking. There are no perfect organizations, of course; all share some biases. Those companies that are aware of these mental traps learn how to control for them to come out ahead.

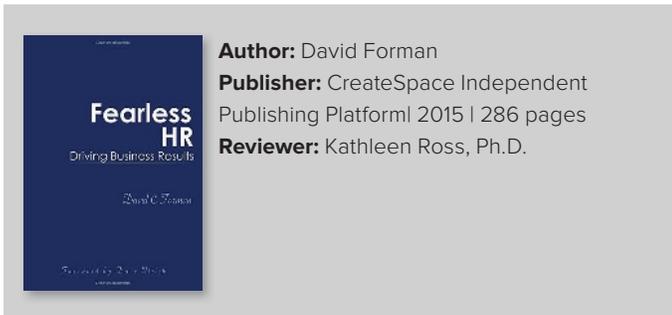
The global chapter outlines a set of conditions to resolve the persisting expatriate paradox of staying true to the organization's global values and adapting to the nuances of local cultures, outlining both the enhancers and the derailers of a globally consistent approach, which is particularly helpful.

The final chapter of the book makes a strong case for the power of organizational storytelling. The authors pose a challenge to businesses to evaluate the role that vitality stories play in their overall organizational narrative and ask each individual member of the organization to determine their contribution to the winning organizational storyline.

To help readers on their individual path to building vital organizations, the authors offer their inventory of organizational capabilities and all their assessments in an online version available on their site, OV-CVO.com. Added to the assessments are worksheets and detailed descriptions of steps to take in building a vital organization, all collected in the final chapter of the book.

This book is a highly practical and detailed guide for executives and HR leaders to use when they design forward-looking strategy that successfully balances current priorities with organization's future potential.

Fearless HR: Driving Business Results



Author: David Forman
Publisher: CreateSpace Independent Publishing Platform | 2015 | 286 pages
Reviewer: Kathleen Ross, Ph.D.

Fearless HR: Driving Business Results is a basic primer and is particularly useful to those new to the profession of human resources or who simply want a refresher or a book to share with an up-and-coming colleague or direct report. It makes a compelling case for more evidence-based practices that drive business results. Author David Forman draws heavily on current thought leaders and provides many tools and templates that are useful reminders of the need for disciplined planning and execution.

The first half of the book provides a lot of details and examples of the negative perceptions of. Chapters include:

- HR Doesn't Add Value to the Business
- HR is Siloed and Too Inwardly Focused
- HR is a Weak Discipline with Poor Tools
- HR Measures are Too Soft and Subjective
- HR is a Stodgy, Dead-End Career

While all organizational functions have a bona fide purpose, HR touches every person in the organization.

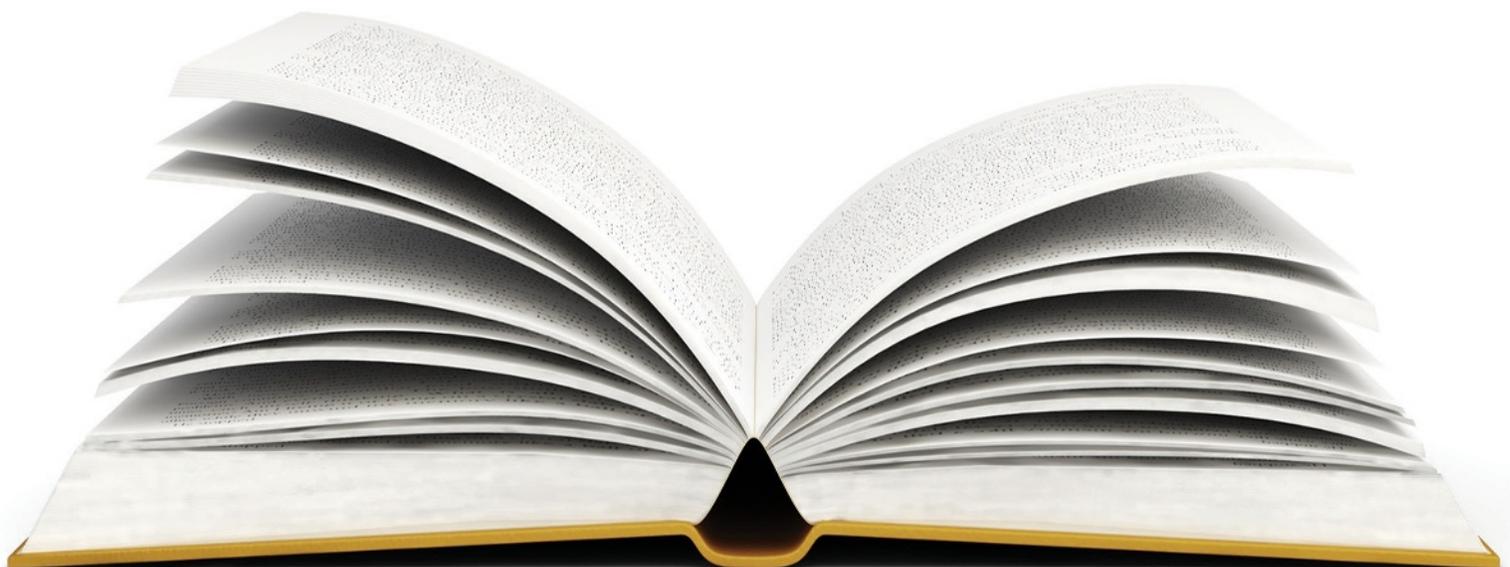
Many of these perceptions will seem ancient history to today's HR professionals. Still, they remind us of the need to strengthen our strategic skills and agendas to be true business partners.

The second half of the book focuses on opportunities, including:

- Building HR's Capability
- Strengthening Professional Networks and Communities
- Implementing the Right HR Levers
- Demonstrating a Fearless Mindset

The chapter on a fearless mindset is rich with current research regarding the power of mindset and how it can be a powerful lever for HR. Forman cites Aaron Hurst's work on purpose and embraces that purpose is a meaningful motivator for all employees. He observes that, while all organizational functions have a bona fide purpose, HR touches every person in the organization. "Fearless HR advocates the broad purpose of HR to 1) create the context in which talent and innovation can flourish, 2) improve business results through better alignment, cost savings, and productivity improvements, and 3) become a trusted and effective business leader."

The challenge, according to Forman, is to overcome past perceptions of HR, seize new opportunities, continuously expand our skills and networks, and become true drivers of business results. 📖



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CHRO Connection: David Rodriguez

Marriott International Executive Vice President and Global CHRO **David Rodriguez, Ph.D.**, who has been with the company for 18 years, shares his insights with HR People + Strategy Executive Director **Lisa Connell** on the evolving role of the chief human resources officer at what will soon be the largest hotel conglomerate in the world.

Marriott's Big Dreams for Its Future

Lisa Connell: How did you get into HR?

David Rodriguez: My path has been both exploratory and evolutionary. As an undergraduate, I became deeply intrigued by the themes from my industrial and organizational psychology course. I sought out the professor who became a very influential mentor and a main reason that I went on to earn my doctoral degree. I have had a keen interest in the study of human behavior in organizations for a long time, but it became clearer to me that I was even more interested in practical application to the benefit of people and organizations, so I pursued a career in industry rather than academia. I also learned that I enjoyed leading strategic and tactical activity, and being accountable for the outcomes. That led to a career that started with highly specialized research work and eventually to general management roles in human resources, culminating with my current job leading Marriott's HR function. Exploration and evolution still feature quite prominently in my work life!

LC: How would you describe your leadership style?

DR: Every management layer and leader must add unique value, above and beyond the contributions of direct reports and the team. Sound administration, albeit modernized, is but table stakes, particularly in today's

ever-changing environment. Leaders have a responsibility to stay sharp and to look around corners to discover emerging competitive opportunities and threats—and this is at the base of my leadership style. It's important to clearly and persuasively articulate future direction (and to reaffirm the current direction). I bring passion to issues that I think are important, but have learned that sometimes it's best to slow down when the team is not ready to jump on board. I like to drive the bus (and even help design the bus at times), but inside I feel just like another team member who happens to have the bus driver role in many but not all situations.

LC: What advice do you have for HR leaders who want to advance their careers further?

DR: The average position tenure of CHROs has been in decline over the past several years. A recent study noted that turnover among Fortune 500 CHROs was at an all-time high from 2012 to 2014, at approximately 39 percent compared to 29 percent of Fortune 500 CEOs. There are a number of factors at play, but in part the churn has to do with the accelerated rate of change that businesses face today and the increasing realization that human capital effectiveness is the lifeblood of innovation and growth. For HR leaders this means that solving for the urgent



VITAL SIGNS

Name: David A. Rodriguez, Ph.D.

Title: Executive Vice President and Global Chief Human Resources Officer

Company: Marriott International

Employees: 220,000

Fortune 500 Rank: 195

2015 Revenue: \$14.486 billion

Number of Properties: 4,700

Favorite Destination: The Ritz-Carlton, Hong Kong (The world's highest hotel.)

issues of the day—health care costs, regulatory compliance—is important but should not be mistaken for the most important responsibility. You need to not just understand the business, you must also be at the forefront in deciphering emerging competitive issues and advancing actions that make the business stronger. The HR leader must be known for proactively driving growth in addition to ensuring the smooth operation of today's business. This has major implications for how

CHRO Connection: David Rodriguez

HR leaders remain very active learners and close partners to peers, such as the chief commercial or marketing officers.

LC: How do you think the role of CHRO is going to change over the next five years?

DR: I think that as advanced data analytics and mobile, digital and other technologies continue to become more

Human capital effectiveness is the lifeblood of innovation and growth.

accessible to HR functions, we will see a further acceleration of innovation in the HR space. I suspect that we will also see a lot more collaboration with peers who are responsible for consumer branding and marketing, for example. I see HR leaders even more immersed in the strategic growth agenda of the business.

LC: What are you learning right now?

DR: Here are the first three things that come to mind: The history of Puerto Rico beginning with U.S. involvement in the late 19th century. It's always interesting to me to find the parallels to today's political and social environments; how to optimize training for my first 5K race; and how to use online platforms to drive organizational branding, learning, and cultural integration.

LC: What is something cool that is happening at Marriott right now?

DR: Earlier this year, shareholders of Marriott International and Starwood Hotels and Resorts approved the transaction that would create the world's largest hotel company.

LC: How will the merger affect you, specifically, as CHRO?



The Ritz-Carlton, Hong Kong

DR: As I reflect on my 10 years as Marriott's CHRO, I recognize three interrelated, but distinct phases. The early years focused on expanding the capabilities of the HR function through outsourcing of transactional HR tasks and implementation of employee self-service platforms, retooling HR professionals, and reallocating time to better participate in the company's strategic agenda. The middle years are distinguished by a deepening of HR's internal partnerships, particularly with Marriott's consumer-facing functions to drive business performance. And in many ways, the most recent years have been the most exciting as we continue to ensure that Marriott's people-centric culture continues to be a magnet for top talent and an engine of market out-performance. In a fascinating way,

our 10-year journey has been "spring training" for me, my senior team, and their teams as we now undertake the most significant business integration in the industry's history. I am excited about what we will accomplish, our continued professional growth and our insatiable appetite for new ideas and innovation.

LC: Lastly, please finish the following statement. The future of HR ...

DR: ... has never been brighter or more exciting. While I suspect that technological, societal, and other systemic changes will introduce unprecedented disruption in the practice of human resources, it will also lead to some of the greatest advances and leaders that the field has ever known. ■■

KEYNOTE SPEAKERS
INCLUDE



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Executive Vice President and Global
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