



**GAIA Insights**

Expanding Your Potential

*Why*

# WHY do we need more  
Authentic Leadership?

# WHY does Authentic Leadership  
improve performance?

**Authentic Leadership # 1**  
**WHY is it Crucial to Your Business Success?**





**GAIA Insights**

Expanding Your Potential

## # What You Will Learn

1 # Authentic Leadership – The »Why«

2 # Key Take-Aways

3 # The Future Skill Demand Landscape

4 # Implications for Organizations and Leadership

5 # The Fluffy Bit

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# Why



# 1 # Authentic Leadership – The ›Why‹



**84%** of organizations anticipate a shortfall of leaders in the next five years.

**83%** of organizations say it's important to develop leaders at all levels.

*The world we live in is increasingly complex and changing faster than ever before. Mankind faces significant challenges of unprecedented proportion, with information technology turning the workplace upside down. Just look around you. We are living it. VUCA is now.*

Organizations big and small, left and right, are frantically trying to come to terms with this new reality, realizing that a glorious past is not enough to guarantee future success. Many struggle with the new paradigms that make up modern society, aspects such

as the sharing economy, seismic shifts in global demographics, heightened awareness around consumer ethics, socio-economic as well as environmental issues and the oh-so-demanding next generation workforce. The simple truth is: **The ecosystem has changed.**

The one thing pretty much everyone agrees on, is that organizations must adapt and change as well. But how?

Innovation is a buzz word, yet barely any established corporation truly innovates. Instead, companies are desperately looking for the magic pill – ideally without side effects please. They're following the latest social media trends, investing in big data analysis to turn their customers into see-through holograms, reinventing (not so) new leadership models to decode employee engagement and trying to outsmart humanity with artificial intelligence, all while spending multimillion-dollar budgets on consultants who promise they can make sense of it all.

And yet the solution is so simple. It is and has been right under our eyes, but it is so obvious and doesn't lend itself to a money-making fad that traditional management consulting firms turn their nose on a ›fluffy‹ topic like this. **The solution is Authentic Leadership.** And ›leadership‹ not in the sense of an exclusive club of a few select C-suite executives but in the sense of personal leadership that *everyone* can assume as a human being. Because consumers, employees, competitors, stakeholders – in the end, we're all people. Even organizations are made up by people and instead of looking at ›the organization‹ to change, look in the mirror: the organization is *you*.

**Pop quiz question: Who do you think needs to change, to change the organization?**



## 2 # Key Take-Aways

*We examine how Authentic Leadership is a key to organizational change, thus impacting business results.*



VUCA is now and corporations struggle to adapt. Authentic Leadership is a way to induce and accelerate organizational change.



Research indicates that social skills, creativity and agility are the professional skills that will be most in demand in the future.



Authentic Leadership proves to foster greater creativity, drives organizational citizenship behaviors and improves business performance.



Adopting Authentic Leadership has a sustainable impact on human beings in the workplace by connecting people's hearts and minds.



An Authentic Leadership culture enhances capabilities in the organization and accelerates its readiness to embrace VUCA challenges.



Authentic Leadership is a way to help individuals and teams be the best version of themselves, thus positively impacting business results.



### 3 # The Future Skill Demand Landscape

*In this section, we examine the connection between drivers of change in the world and a different skill demand in the workplace, leading to an increase in a critical skillset – social skills, creativity and agility.*

The forces of change that are shaping our new global ecosystem have a relevant impact on the corporate landscape, creating our present and future world of work. The World Economic Forum Report, »The Future of Jobs«, provides a comprehensive description of different change drivers and their associated expected timeframe.

One of the top drivers is »**changing work environments and flexible working arrangements**«, where we see and foresee an increase of reduced pools of core staff members, supported by a growing range of floating colleagues and internal consultants around the world. Another relevant driver is »**mobile internet and cloud technology**«, both enabling greater efficiency and productivity.

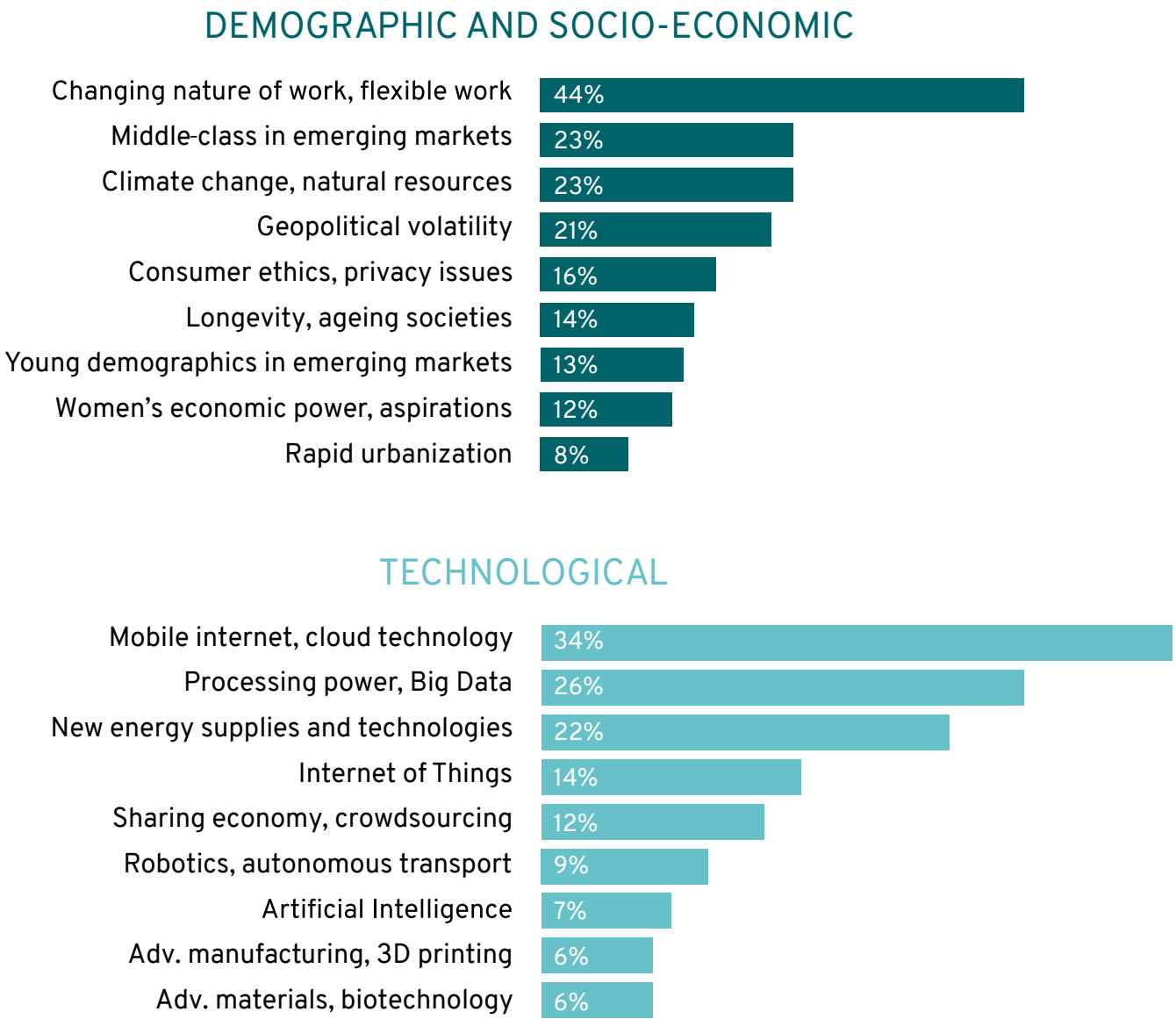
While these two drivers are already influencing our reality today, there are other forces that are predicted to influence the workplace even more strongly in the near future, among which we find **advanced robotics, artificial intelligence and machine learning**.

(Figure 1)

(Figure 1)

#### DRIVERS OF CHANGE, INDUSTRIES OVERALL

Share of respondents rating driver as top trend, %



Source: Future of Jobs Survey, World Economic Forum.  
Note: Names of drivers have been abbreviated to ensure legibility.



Top challenges leaders feel they will have in the future.  
Global research report by Professor Peter Hawkins,  
Henley Business School, University of Reading, UK. (April 2017)

Global research conducted by Henley Business School provides another perspective with similar findings, outlining the current as well as the future state of leadership and leadership development. In this research, they found very consistent descriptions of the top challenges that respondents felt they would have to deal with in the future.

(Figure 2)

The number one challenge for all leaders interviewed in this study was the pace of change, together with the multiple shapes it is taking (change being multi-dimensional and inter-relational). The analysis also points out that the biggest challenge lies in how all these individual drivers of change systemically impact each other.

This requires leaders not only to understand each of the challenges but also to realize how they interconnect and how they impact the strategic direction of the company, the industry and the entire ecosystem they operate in.

*So where does this changed landscape leave us facing the question of what skills will be the most demanded in the workplace in the next 3 – 5 years?*

In his article, ›The growing importance of social skills in the labor market‹, David J Deming describes how research proves that between 2000 and 2012 the fastest growing high-skilled cognitive occupations were the ones requiring significant interpersonal interaction (for example, managers, teachers, nurses, therapists, physicians, lawyers, economists). On the other hand, the biggest decline during the same period was in STEM jobs (science, technology, engineering, mathematics).

At the outset of Artificial Intelligence applications in the workplace, most routine and repetitive jobs can already be replaced by automation and machine processing. David J Deming also proves how high-paying jobs increasingly require social skills.

»Human interaction requires the ability to read and react to others (...) the ability to attribute mental states to others based on their behavior«, also described as empathy and ultimately compassion, and those abilities are still not replaceable, neither by automation nor by Artificial Intelligence.

On the other hand, continuing with David J Deming’s perspective, »human interaction in the workplace involves team production, with workers playing off of each other’s strengths and adapting flexibility to the changing circumstances. Such non-routine interaction is at the heart of the human advantage over machines.« In other words, social skills are still irreplaceable unique strengths that can only be performed by human beings.

Now, what makes up »social skills«? According to O’NET, the source model used by World Economic Forum to define and categorize crucial core work-related skills, see *Figure 3* for a description of such skills and their categories. What they call »core work-related skills« is a set of practical skills deemed necessary within the workplace for workers to successfully perform a wide variety of tasks.

According to David J Deming, both cognitive abilities and social skills are complementary, and increasingly necessary.

(Figure 3)

CORE WORK-RELATED SKILLS

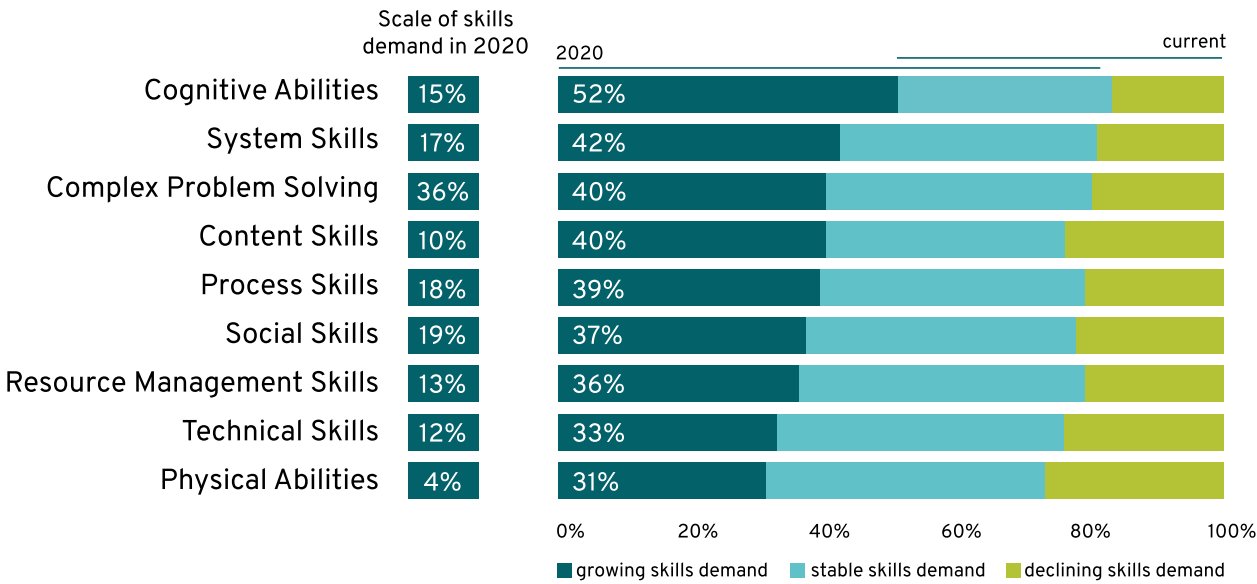
ABILITIES	BASIC SKILLS	CROSS-FUNCTIONAL SKILLS	
<div><p>Cognitive Abilities</p><ul style="list-style-type: none"><li>• Cognitive Flexibility</li><li>• Creativity</li><li>• Logical Reasoning</li><li>• Problem Sensitivity</li><li>• Mathematical Reasoning</li><li>• Visualization</li></ul></div> <div><p>Physical Abilities</p><ul style="list-style-type: none"><li>• Physical Strength</li><li>• Manual Dexterity and Precision</li></ul></div>	<div><p>Content Skills</p><ul style="list-style-type: none"><li>• Active Learning</li><li>• Oral Expression</li><li>• Reading Comprehension</li><li>• Written Expression</li><li>• ICT Literacy</li></ul></div> <div><p>Process Skills</p><ul style="list-style-type: none"><li>• Active Listening</li><li>• Critical Thinking</li><li>• Monitoring Self and Others</li></ul></div>	<div><p>Social Skills</p><ul style="list-style-type: none"><li>• Coordinating with Others</li><li>• Emotional Intelligence</li><li>• Negotiation</li><li>• Persuasion</li><li>• Service Orientation</li><li>• Training and Teaching Others</li></ul></div> <div><p>System Skills</p><ul style="list-style-type: none"><li>• Judgement and Decision-making</li><li>• System Analysis</li></ul></div> <div><p>Complex Problem Solving Skills</p><ul style="list-style-type: none"><li>• Complex Problem Solving</li></ul></div>	<div><p>Resource Management Skills</p><ul style="list-style-type: none"><li>• Management of Financial Resources</li><li>• Management of Material Resources</li><li>• People Management</li><li>• Time Management</li></ul></div> <div><p>Technical Skills</p><ul style="list-style-type: none"><li>• Equipment Maintenance and Repair</li><li>• Equipment Operation and Control</li><li>• Programming</li><li>• Quality Control</li><li>• Technology and User Experience Design</li><li>• Troubleshooting</li></ul></div>

O’NET skills model quoted in *The future of Jobs – Report by World Economic Forum (January 2016)*

(Figure 4)

CHANGE IN DEMAND FOR CORE WORK-RELATED SKILLS, 2015-2020, ALL INDUSTRIES

Share of jobs requiring skills family as part of their core skill set, %



Future of Jobs Survey, as part of The future of Jobs  
– Report by World Economic Forum (January 2016)

According to the World Economic Forum study, the order of these core work-related skills defined by their increasing demand is shown in Figure 4, with Complex Problem Solving, Social Skills, Process Skills, System Skills and Cognitive Abilities predicted highest in demand by 2020.

Complex problem solving will certainly be aided and augmented by big data, automation and AI, but will still need a human brain to interpret outcomes, define the best solutions

and make complex decisions that include the human factor. On the other hand, Social Skills, Process Skills, System Skills and Cognitive Abilities are all necessary to work collaboratively and to carry out a complex task or project effectively.

While predicting individual skill demand is highly relevant, it is equally important to consider how these individual skills amount to create an organizational skill. Therefore, an increasing need for business agility has

to be added to the skill demand landscape – defined as the capability of an organization to respond rapidly to changes in the internal and external environment without losing momentum or vision (www.hrzone.com).

In conclusion, the future we are heading towards is growingly complex, fast-paced, constantly evolving and exponentially reshaping, very much like the universal law of entropy. Jobs of the future will require people to upskill to deal with the VUCA environment they are operating in – the sort of skills that cannot be replaced by automation and/or artificial intelligence technologies:

- **Social skills, including empathy and compassion, will be necessary to connect, synergize and collaborate with key stakeholders.**
- **Agility will be needed to steer the whole organization into new directions to adapt and respond quickly to the changes in the ecosystem.**

• **Cognitive abilities, with a special mention of creativity and cognitive flexibility, will be required to interpret the ever-changing context in real-time, to understand the correlation between the various forces that impact the business, teams and individuals, and create strategies to be successful.**

Albert Einstein said: »We cannot solve our problems by using the same kind of thinking we used when we created them.« It seems we are reaching a turning point, and we cannot afford to keep doing what we did in the past to be successful. Which means we are faced with an amazing opportunity to prove that we, the human race, are capable of greater things, that we can overcome our own shortcomings and deal with the described challenges for the benefit of a bright future. And here is where corporations and leaders play a crucial role.



## 4 # Implications for Organizations and their Leadership

*In this section, we explore why Authentic Leadership is the most sustainable way to establish and foster the skills demand established in the previous section.*

Given the skill demand landscape described above, let's agree that leadership plays an important role in shifting it from its status quo towards the complexity of skills and competencies required in the future. Leaders have the power to unleash people's potential and set them up for successful performance, a fulfilling career and an overall positive work-life experience. The opposite is also true – leaders have the power to suffocate people's potential, undermine their performance and influence an overall negative experience. Therefore, the way that leaders decide to lead is of great relevance in shaping the qualities and skills of their workforce.

The question that follows is, what leadership style is proving to be most suitable in accelerating talent readiness to deal with the complexities of the ecosystem they operate in, while effectively performing the tasks at hand? One of the most noteworthy among leadership styles, given its adaptive quality and consistent and sustainable impact on individual and business performance, is Authentic Leadership.

*»Authentic Leadership is defined as a style of leadership based on the leader's moral character and concern for others, as well as congruency between ethical values and actions.«*

*Shahid N Khan, 2010*

*»An authentic leader is someone who is genuine and true to what they believe in. They understand the purpose of leadership; they lead with very consistent values, and with their heart, as well as their head.«*

*Bill George, former CEO Medtronics, Harvard Business School professor and author*

*»Authentic leaders are not afraid to show emotion and vulnerability as they share their challenges with their team. Developing a solid foundation of trust with open and honest communication is critical to authentic leadership.«*

*Farshad Asl, author of The »No Excuses« Mindset: A Life of Purpose, Passion, and Clarity*

**»Authentic Leadership**  
is the full  
expression of  
**»me«**  
for the benefit of  
**»we«.**

Henna Inam – Wired for Authenticity:  
Seven Practices to Inspire,  
Adapt & Lead



So what are the qualities of Authentic Leaders?  
And what is their impact on business performance?

(Figure 5)

a. Qualities of Authentic Leaders

According to Walumba, Avolio, Gardner, Wernsing and Peterson (2008), there are four essential qualities that determine an Authentic Leader, which have been widely accepted by Organizational Development researchers and practitioners (Figure 5):

AUTHENTIC LEADER QUALITIES

SELF-AWARENESS	RELATIONAL TRANSPARENCY	BALANCED PROCESSING	INTERNALIZED MORAL PERSPECTIVE
Demonstrating an understanding of how one derives and makes meaning of the world and how that meaning-making process impacts the way one views himself or herself over time. It also refers to showing an understanding of one's strengths and weaknesses and the multifaceted nature of self, which includes gaining insight into the self through exposure to others, and being cognizant of one's impact on other people.	Presenting one's authentic self (as opposed to fake or distorted self) to others. Such behavior promotes trust through disclosures that involve openly sharing information and expressions of one's true thoughts and feelings while trying to minimize displays of inappropriate emotions.	Showing that they objectively analyze all relevant data before coming to a decision. Such people also solicit views that challenge their deeply held positions.	Refers to an internalized and integrated form of self-regulation. The sort of self-regulation is guided by internal moral standards and values versus group, organizational, and societal pressures, and it results in expressed decision making and behavior that is consistent with these internalized values.

Walumba, Avolio, Gardner, Wernsing and Peterson (2008) quoted in ‘How authentic leadership promotes individual performance’ – Research paper, International journal of productivity and performance management, by Neuza Ribeiro, Ana Patrícia Duarte, Rita Filipe (May 2018)



## b. Impact of Authentic Leaders on Business Performance

After these four qualities were established and accepted in Organizational Development research, a series of studies was conducted to establish a correlation between this leadership style and a positive impact on performance. *One of the most recently validated and published studies, »How Authentic Leadership promotes individual performance« (Neuza Ribeiro, Ana Patrícia Duarte, Rita Filipe – May 2018) shows that Authentic Leadership fosters organizational citizenship behavior, drives creativity and improves individual performance.*

*»When employees regard their leaders as being authentic and creating a positive, transparent, and fair work environment, workers tend to reciprocate with higher levels of organizational citizenship behavior.«*

*»Authentic Leaders contribute to developing open, truthful relationships with their followers, thereby stimulating positive psychological*

*states that produce wellbeing at work and promoting work environments in which creativity is fostered and encouraged. Hence, when followers perceive authentic leadership, they feel more confident, flexible and original – in other words, more creative.«*

*»Authentic Leaders emphasize employees' talents and strengths, promote followers' development and, consequently, improve their performance.«*

Organizational citizenship behavior, creativity and continuous performance improvement all contribute to sustainable business results. In other words, **Authentic Leadership**, which might seem to operate on the »soft« side of people management turns out to drive »hard« bottom line results for the business. Therefore, an important driver for sustainable business growth, both today and in the increasingly complexity of the future, is to foster an Authentic Leadership culture.





### c. How does Authentic Leadership show up in real life?

Alan Mulally, former CEO of Ford Motors Company (2006 to 2014), is featured in Bill George's book on Authentic Leadership, »Discover Your True North«:

*»In late 2006, Alan Mulally arrived as the new CEO of Ford with a plain shirt, slacks, and a big smile. That smile quickly faded, however, when he asked to meet workers in the main factory. »I'm sorry«, a colleague told him, »but Ford executives don't talk directly to factory employees.«*

Unflinching, Mulally insisted on going to the factory floor. Once there, he spoke to the workers about their dreams, their hopes for the company, and the values of Ford.

During his seven years there, he transformed Ford from the brink of bankruptcy to an \$8 billion profit. Mulally's low-key, »aw shucks« demeanor helped him connect with employees. As his workers grew to trust him,

he made difficult deals for the company – cutting the total cost of hourly workers from \$97 to \$55 per hour.

This change made Ford's UAW workers in the Midwest competitive with foreign, non-union assembly plants in the South, enabling Ford to shift jobs from Mexico to the Midwest. When he stepped down in 2014, Mulally left Ford as the most successful and financially stable automobile company in the United States.

The key to Mulally's success? Authentic Leadership. As he said in 2013, *»Leadership is being authentic to who you are, thinking about what you really believe in and behaving accordingly.«* Mulally lived that every day. At Ford, he attended strategic meetings in person. He then followed up directly to ensure successful outcomes and a supportive team.

Clearly, this is just *one* example. There are many more Authentic Leaders out there who live up to their values, believe in authenticity, inspire people and drive superior results every day. The point is, if leaders want better results, instead of focusing their attention *only* on the results, they need to *equally* focus on the process and relationships to get to those results. Staying true to oneself and adopting Authentic Leadership is key... and the results will take care of themselves.



## 5 #. Connecting People's Hearts and Minds – the Fluffy Bit

*This section connects the research findings of previous chapters with our conclusion and summarizes why Authentic Leadership affects your bottom line. We find evidence in emotional connectedness and explain how caring for others spreads across an organization, thus improving both engagement and performance.*

What clearly stands out in the story of Alan Mulally and what was already stated in the quotes about Authentic Leadership on page 9, is that Authentic Leaders lead from the heart. Expressed in various ways – concern for others, consistent values and congruency, genuine trust, open and honest communication, purpose, dreams, hopes, beliefs, emotions, vulnerability – all this »fluffy« terminology strongly indicates one thing: Authentic Leadership is an expression of deep love and care for the people around you. [As much as it may lack scientific explanation, the evidence lies in how people feel when they experience Authentic Leadership.](#)

[People are drawn to Authentic Leaders because humans want to connect with other humans, not machines, A.I., robots, or automated customer service hotlines.](#) Employees who feel not only intellectually challenged and rationally drawn to an organization (thanks to an exciting job description, a positive work environment, attractive salary and career opportunities) but also emotionally connected, experience the power of connected hearts and minds. And it spreads. Coworkers who feel respected, valued, trusted and fulfilled at work, are more likely to inspire others – colleagues, clients, vendors as well as every other group on the stakeholder map.

And this is where Authentic Leadership becomes an aspiration of every individual in the organization, no matter which level or role.

It is not up to a few chosen gurus or select executives to preach and role model authenticity. [Every individual can develop Authentic Leader qualities and learn to increase their self-awareness, relational transparency, balanced processing and internalized moral perspective](#) (see page 10). As people in an organization adopt more Authentic Leadership behaviors, they develop within themselves and encourage in others the skills that can propel the organization forward: social skills, creativity and agility.

Understanding these skills are required to ensure success in the future, Authentic Leadership is a way to help individuals and teams be the best version of themselves, thus positively impacting business results.

Leaders who care for their people, will encourage and inspire others to care for what they do, and who they do it for. Authenticity is reciprocated and gets people to contribute beyond their job description, thus enhancing both engagement and performance. All of which will create better products, improved services, more engaged employees and happier customers.

Last but not least, here is where the magic pill comes back into play (remember, the pill that people wish existed to induce organizational change without going through a tough transformation process). Well, nobody likes side effects. Yet deeply embedded change does usually not come without them. [Why it is still worthwhile to undergo a transformational change and what the impact of Authentic Leadership is on your bottom line, is subject of paper no. 2 in our Authentic Leadership Series.](#)



## Annex

*The following sources were consulted and analyzed in the making of this paper. We are grateful to the bold scholars, researchers and authors, who studied this topic and provided encouraging evidence for our viewpoint.*

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## About us

*At GAIA Insights, we help organizations engage, develop and retain next generation leaders by sparking inspiration, decoding engagement, connecting generations, and transforming talent.*

*We personalize life-long learning to develop authentic, courageous, and inclusive leaders and maximize human potential to achieve greater impact together. Through thought leadership and development journeys, coaching and consulting, our goal is to shape corporate leaders to lead from within.*

*What challenges does your organization face when it comes to developing leaders?*

## Contact

[www.gaia-insights.com](http://www.gaia-insights.com)

[transforming.leaders@gaia-insights.com](mailto:transforming.leaders@gaia-insights.com)

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