

# Tone at the Top: Leadership as the Foundation of Organizational Health and Wellness

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*Researchers have used many ways to ascertain leadership's effect on the health and wellness of organizations. A number of leadership models focus on traits, behaviors, competencies, spheres and types of influence, interaction patterns, and roles. While each of these models provides some insight, our research concludes that none are sufficient for fully understanding the complexity leaders face in contemporary organizations—and certainly none capture the impact a leader has on its overall health and vitality.*

**T**he leadership models that dominate the current landscape are largely competency based. While competency models are an important component to understanding and developing effective leadership, they are inadequate. At worst, they reduce the complex nature of leadership to a simplistic, utilitarian portfolio of behaviors. At best, they provide a useful toolkit without the necessary context and grounding to make them come alive and be sustainable for an individual leader.

Ultimately, leadership is far more than a defined set of behaviors and competencies—it is a complex relationship involving trust, skill, and vision. Additionally, leadership models and development efforts must include a strong moral component. Today's leaders have impact well beyond their individual organizations. Whether they lead corporations, government entities, nonprofit, or faith communities, leaders must consider that their actions today ripple throughout communities and the world at large—well into the future.

Healthy Companies International has advised leaders and conducted leadership research for more than two decades. During that time, we have consulted with, trained, and coached thousands of leaders around the world. Our extensive experience with leaders provided us with insights about the importance of a holistic approach to leadership development. Given our commitment to ongoing research, and to clarify our thinking about the importance of an integrated leadership model, we systematically interviewed more than 300 leaders in more than 40 countries. We recorded and transcribed interviews and used nar-

rative analysis to identify recurring themes and patterns. As we recontextualized these elements into our leadership model, we confirmed our interpretations and conclusions with many of our interviewees. This iterative process is the foundation of what we conclude are the core elements of sustainable, contemporary leadership

## Leaders' Lives and Goals, Intertwined

We observed that the most effective leaders approach leadership from a personal and holistic perspective. Their stories acknowledge the significance of their own personal journey—often integrating lessons from childhood into the fabric of their leadership style. We were struck by the extent to which great leaders “own and hone” their individual heritage and experience (both good and bad) with their unique leadership style.

This is not to suggest that leaders were not highly focused on execution. In fact, all of the leaders we interviewed were clear about their leadership strategies and desired outcomes, which were categorized into the following Leadership Actions:

- Drive high performance by promoting a culture of excellence and accountability
- Seize new opportunities by encouraging curiosity and learning
- Unleash human potential by challenging people's minds and engaging their hearts

- Foster productive relationships by modeling authenticity and reciprocal relationships
- Forge a shared direction through elicited understanding, commitment, and ownership for the organization's vision
- Tap into a higher purpose by communicating energy and meaning around the organization's mission and work

While each of the leaders we interviewed spoke in detail about the successes, failures, and lessons learned from their various leadership efforts, the majority wanted to start with the background and foundation of their success. They wanted to create a context for the discussion. They wanted us to know who they were—as a prelude to what they were trying to do or achieve in their role. This led us to observe that great leadership is rooted in self-awareness and authenticity.

Based on what we were hearing and observing from these leaders, we began to build a framework to capture the various dimensions that emerged as the foundation of (and the true differentiators for) developing and sustaining effective leadership.

## The Roots of Holistic Leadership

As we began making sense of the vast inventory of information, we realized that leaders were honing their priorities and personal mastery practices in response to major disruptive trends they were facing. We identified

six major disruptive trends and six primary development areas that allowed us to categorize the research results—and to create a framework that we could both test and use for leadership development going forward (we use the term health as it best captures the notion of optimal functional efficiency in a living organism). We are explicit in our definitions of each of the dimensions of health, which tend to be broader than conventional usage (particularly as it relates to spiritual health).

- **Intellectual health** is important because of significantly increased complexity; it involves thinking beyond the linear path, embracing deep curiosity, an adaptive mindset and paradoxical thinking. Leaders need this mental flexibility to adapt to today's rapidly changing environment and analyze complex, even contradictory information.
- **Vocational health** is important because of significantly increased competition; it involves having a sense of meaningful calling. It provides leaders the drive they need to achieve personal mastery and market savvy while also modeling for others the value of excellence and performance.
- **Physical health** is important because of the speed of the current environment; it is about energy management. Today's leaders need discipline to maintain a peak-performance lifestyle that enables stamina and vitality despite unrelenting demands. It also means having mind-body awareness to stay conscious of the ways fatigue, stress, and illness can influence perceptions and performance.
- **Emotional health** is important because of the level of uncertainty in today's business landscape; it ensures balance so that negative thoughts and feelings don't disrupt performance. Emotional health is rooted in self-awareness and is comfortable with uncertainty and vulnerability. A default toward optimism ensures resilience in the face of setbacks.
- **Social health** is important because of the need for transparency in the face of significant cynicism toward today's leaders; it focuses on how you interact with the

world and people around you—including having strong personal connections, mutually beneficial relationships, and nourishing communities. Social health elevates leaders to be authentic and maintain integrity in all relationships and interactions.

- **Spiritual health** is important because of the increasing globalization and interconnectedness of today's world; it is defined as seeing oneself as part of a greater whole—having a higher purpose and grasp of the global and interconnectedness of today's world. Spiritual health includes having a magnanimous and generous spirit that fosters a long-term perspective rather than merely a transactional one.

While there is significant research around several of the areas we identified (most notably Daniel Goleman's work on EQ<sup>1</sup> and the Corporate Athlete's focus on physical and emotional health for leaders<sup>2</sup>), we sensed that a more holistic view of leadership would substantially add to the body of knowledge. Although psychologists and a variety of medical practitioners have long known of the powerful connection between cognition, emotions, relationships, and overall health, we found little research that linked this knowledge to our understanding of leadership and its impact on personal or organizational performance. These are interconnections that, until now, have been extremely underestimated.

## The Research Design

To test our hypothesis—that each dimension of leadership health is predictive of effective leadership actions and high performance—we designed a survey that gathered feedback from leaders, their boss, their subordinates, and their peers. A separate survey gathered feedback about effective leadership actions, and a third gathered data about each leader's job performance. This third survey included questions about employee engagement. Survey questions were painstakingly crafted, pretested and honed prior to beta testing (via multiple rounds of "friends and family" testing). Through an item analysis, questions that did not support the validity and reli-

ability of a scale in the survey were eliminated after the beta testing and prior to commercial launch.

These surveys included:

- Questions on perceived health in each of the six leadership dimensions. Examples of some of the 108 questions include:
  - [Name] manages his/her workload so that s/he has the energy needed to work and compete successfully (physical health).
  - [Name] creates heightened expectations without raising the stress levels of the team (emotional health).
  - [Name] is good at seeing different perspectives in meetings without judging them (intellectual health).
  - [Name] has a business reputation for being open, honest and trustworthy (social health).
  - [Name] obviously enjoys and is energized by the work s/he does every day (vocational health).
  - [Name] is someone who not only contributes to the success of the business, but seeks to improve the lives of all those around him/her (spiritual health).
- Questions about effective leadership actions. Examples of some of the 30 questions include:
  - [Name's] team operates with a shared set of values (higher purpose).
  - [Name's] team members have a clear sense of how their individual roles contribute to the broader organizational goals (shared direction).
  - [Name's] team works to ensure that it provides the most possible value to our business partners (productive relationships).
  - Everyone on [name's] team feels like they are learning important knowl-

edge and skills that help them grow (unleash human potential).

- [Name’s] team regularly capitalizes on new business opportunities (seize new opportunities).
- Questions about leader’s job performance and level of engagement of the feedback team; Examples of the 12 questions include:
  - [Name] is one of the reasons employees stay at the organization.
  - [Name] is highly effective.
  - Others have a strong desire to join [name’s] team.
  - I feel passionate about the work we do because of [name].
  - I am strongly aligned with the goals of the company because of [name].

We chose to beta test these surveys with six major global companies, including: PBS,

Alcoa, Kemet, New York Life Insurance Company, Huntington Ingalls, and PepsiCo (for a total of 71 participants and 497 multi-raters). Below is a break down of demographics; participants also encompassed a variety of industries, functions, and countries.

## The Findings

An analysis of the three surveys found statistically significant relationships among dimensions, actions, and job performance, including employee engagement. That is, each dimension of leadership health predicted the effectiveness of leadership actions and leader job performance as perceived by respondents (correlations ranged from .3 and .7).

As illustrated by Table 1 (p. 40), leaders who obtain high health scores correspondingly obtain high job performance ratings (and low health scores correspond to low job performance ratings).

The most notable finding shown above is the emergence of spiritual health as the most sig-

nificant predictor of high job performance. As indicated, those leaders who had a high spiritual health score had an average job performance score of 78 percent<sup>1</sup>, compared to those leaders with a low spiritual health score averaging a performance rating of 31 percent. The 47-point gap is the largest among the health categories. This finding offers fresh and compelling insights for the field. The research also delivered more confirming results in this regard.

While these results indicate that alone each of the health areas distinguishes top from bottom job performers, it is natural to ask, taking all of the health areas together, which are most predictive of job performance? The answer to that question is contained in Table 2 (p. 40), which illustrates the predictive level of the leadership health on effective leadership actions.

These results provide further and stronger evidence of the importance of spiritual health for leader success. Spiritual health was predictive of each of the effective leadership actions, and social health predicted four of the six. Although emotional health was predictive of only one leadership action and intellectual and physical health were not directly predictive of any of the specified leadership actions, we know from Table 1 that each health was statistically significant relative to perceived overall performance.

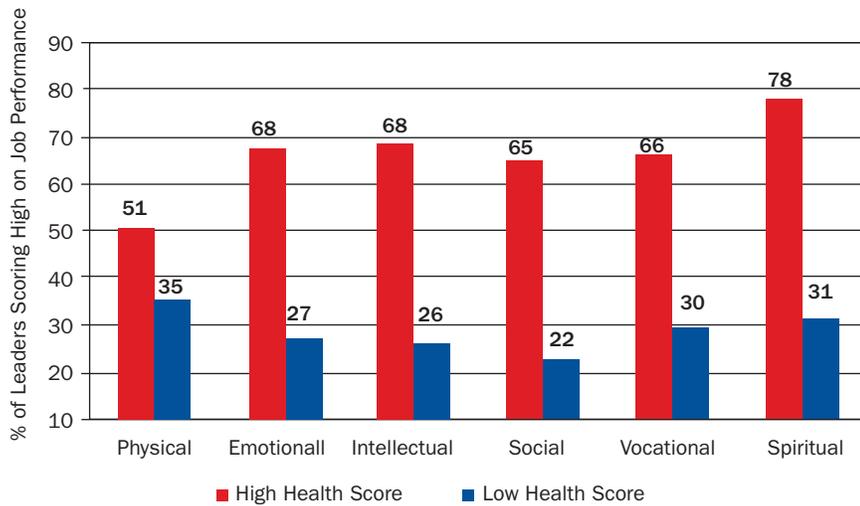
These results also reinforce the interrelated nature of the model. Taking another look at the data through the lens of employee engagement reinforces the power of the model as a holistic approach to leadership. Once again, high scores for each health area correspond with high employee engagement scores.

Regarding the relative strength of the health areas in predicting employee engagement compared to job performance, the picture is more complex. Table 4 (p.41) presents the findings. Emotional, spiritual, and vocational health areas were significant predictors of employee engagement for male raters and intellectual and vocational health areas were significant predictors for female raters. These findings are unexpected and interesting. Current research and thinking about gender differences in leadership (in terms of both perception and development) are mixed and

Demographics			
Participants		Multi-Raters	
Male	47%	Male	60%
Female	53%	Female	40%
Total	100%	Total	100%
Individual Contributor	2%	Individual Contributor	8%
Middle Manager	21%	Middle Manager	28%
Senior Manager	77%	Senior Manager	56%
		Non-manger/ 1st line Supervisor	8%
Total	100%	Total	100%

**Table 1**

**Percent High Job Performance vs. Health Score**



somewhat controversial. However, it seems logical that the perceived strength of leadership behaviors is influenced by social or gender expectations (we may be more engaged by a female leader who is exceptionally smart and a male leader who has exceptional EQ because they defy the standard stereotypes).

Tables 3 and 4 (p. 41) provide an illustration of the collective influence of all dimensions of leadership health on employee engagement. There is significant research that documents the importance of employee

engagement for employee retention, productivity, and overall organizational success. For example, Gallup annually reports on the state of engagement in organizations. In their 2013 report, they stated that only 30 percent of the U.S. workforce is engaged, and 20 percent are actively disengaged. According to Gallup, the latter employees cost corporations \$350 billion per year in lost productivity.<sup>4</sup> In another study of 7,939 business units in 36 companies, the researchers found that engagement was related to customer satisfaction, productivity, employee turnover, and accidents.<sup>5</sup>

Our research indicates that when a leader obtains high health scores, the leader also scores high on employee engagement ratings. This pattern was true for all dimensions, and each high health score is consistently 15 percent above the low health score.

**Implications and Conclusions**

There are three primary implications for these findings. First, they provide a different perspective on the role of emotional intelligence in leadership performance. The finding that emotional health did not predict job performance but spiritual health did suggests that discussions and research about emotional intelligence are missing a key construct: spiritual health. While these two dimensions are certainly related, our research demonstrates the potency of spiritual health. Future research regarding emotional intelligence and leadership must take this finding into account. The spiritual health area is a new construct that is important for successful leadership.

Secondly, these findings identify differences between how respondents experience male and female leaders relative to employee engagement, inviting the need for further study and discussion about whether or not there are differences, however subtle, that may inform optimal leadership development initiatives.

**Table 2**

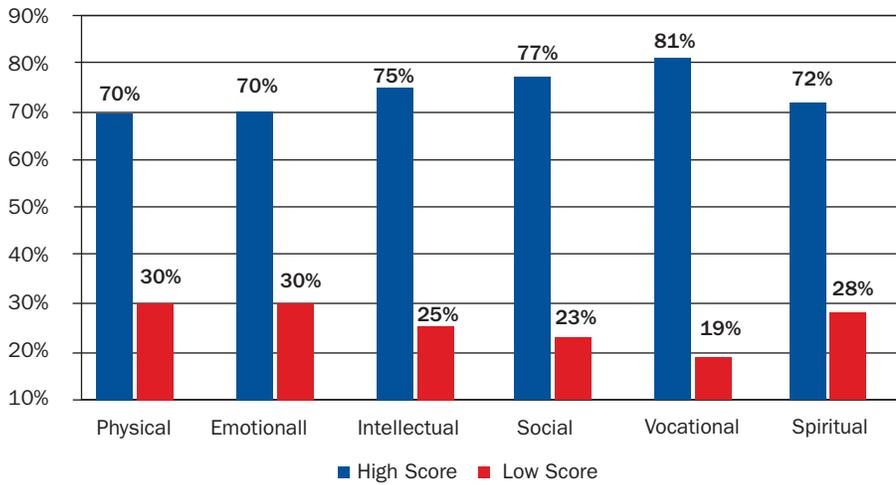
**Cell entries t-values for Health Areas regression coefficients\***

Health Areas	Execute Performance Reliably	Foster Productive Relationships	Forge a Shared Direction	Tap into a Higher Purpose	Seize New Opportunity	Unleash Human Energy
Emotional						2.59
Intellectual						
Physical						
Social	3.67	6.98			4.05	2.66
Spiritual	7.36	4.31	4.40	5.05	5.81	3.30
Vocational			3.05	2.66		

\*Larger values indicate greater predictive power. Each of the six leadership actions was entered into a regression model with the six healths as predictors; there were six regression models. T-values that indicate the statistical significance of each predictor were obtained for each regression coefficient and for each of the six regression models. For example, the leadership action Unleash Human Energy, has three significant predictors (Emotional, Social, and Spiritual) of about equal importance. On the other hand, the leadership action, Execute Performance Reliably, has two significant predictors and Spiritual Health is twice as strong a predictor Social Health.

Table 3

Percent High Employee Engagement vs. Health Score



Finally, the cumulative findings have profound implications for how we think about leadership, as well as how we support and develop current and emerging leaders. Some have observed that these findings provide empirical support for what might be considered conventional wisdom: being a well-rounded, grounded human being is at the center of being a great leader.

Ronald Heifetz identified “an unprecedented crisis in leadership” in his groundbreaking book, *Leadership Without Easy Answers*.<sup>3</sup> He attributes that crisis to our lack of understanding and unrealistic expectations of leaders as well as how best to support their

development. Heifetz’s work affirms our research, both of which conclude that organizations need to recognize that leadership is both active and reflective. In addition to providing leaders with development opportunities in the way of training and stretch assignments, leaders need to be challenged to commit to a lifelong leadership development journey—a journey that includes deep introspection as well as mastering leadership skills.

Leaders need to be held accountable for developing their whole selves. Some best practices in this regard include personal leadership development plans, executive coach-

ing, mentor–protégé relationships with exemplars, and peer leadership learning partners. The more visible the development journey of key leaders is within an organization, the more leadership development becomes a part of the fabric and culture of the organization. Leadership learning and development becomes who the organization is—not just what the organization does. We are hoping this research will prompt organizational dialogue around dimensions of leadership too often not discussed. A deeper more holistic approach to leadership and leadership development will result in effective, fulfilled leaders and sustainable high-performing organizations that make their communities and the world a better place. **P&S**

References

- <sup>1</sup> Goleman, Daniel. *Emotional Intelligence*. New York: Bantam Books, 1995.
- <sup>2</sup> Loehr, Jim. *Corporate Athletic Training*. Human Performance Institute.
- <sup>3</sup> Heifetz, Ronald A. *Leadership Without Easy Answers*. Harvard University Press, 1994.
- <sup>4</sup> State of the American workplace: Employee engagement insights for U.S. business leaders; 2013 (A continuation of Gallup’s previous report covering 2008–2010).
- <sup>5</sup> Harter, J.K., Schmitt, F.L., & Hayes, T.L. (2002) Business-unit-level relationship between employee satisfaction, employee engagement, and business outcomes: A meta-analysis. *Journal of Applied Psychology*, 87(2), 268–279.

Table 4

Cell entries are t-values for Health Area regression coefficients\*

Health Areas	Overall	Male	Female
Emotional	3.826	3.347	
Intellectual	3.213		3.389
Physical			
Social			
Spiritual		2.462	
Vocational	2.422	2.034	2.775

\*Per the Table 2 note, the statistically significant t-values are reported above. The larger t-values indicate greater predictive power.

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