

Welcome to the Inquirer, a fortnightly Newsletter highlighting insights and new ideas about organisational leadership. In these lean challenging times, moments for reflection are at a premium. The Inquirer offers bulletins to support your agile leadership and your development of agile organisations. Please do feel free to share this open source Newsletter with colleagues and to join our continuing Public Leadership Inquiry and conversation with leaders on [www.publicleadershipinquiry.com](http://www.publicleadershipinquiry.com)

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I was driving along the motorway the other day when I saw a large digital information board on the side of the road that read, "check your fuel levels". I glanced down at the dashboard and, lo and behold, saw that my fuel was low. I raised my eyes back to the road and immediately saw another sign that read "Services and Fuel 200 yards". I thought, "that's handy" and seamlessly turned off the motorway to fill up.

You may have noticed that some mens' urinals have a small fly printed on the porcelain close to the outlet hole. It is not a strange signature provided by the urinal designer. Rather it is a deliberate and gentle encouragement to help men with their aim. It works as well, and clean-up costs of such urinals are markedly lower than those where urinals have nothing printed on them.

Both of these might be regarded as examples of "Nudge Theory", an invention by Professor Robert Thaler of Chicago Business School. Nudge Theory proposes that our behaviour can be 'nudged' by small, sometimes unnoticeable, suggestions and encouragements. It is presented as the place where "economics meets psychology" and is starting to take hold in management thinking and also in politics. For example, in the UK it is a key component of Number 10's Behavioural Insight Team that has been dubbed "The Nudge Unit". Giving an example of an application of Nudge Theory Dr David Halpern, the Head of the Unit, states:

"Tax officials tend to be 'quite aggressive and assertive' when chasing late payers...We will send you a rude letter along the lines of - 'We're going to come and find you and break down your door and take away your children.' So [HMRC] officials had been reading a bit of [nudge] literature and they changed the wording on just one block of letters [chasing] £600m in unpaid tax so that instead of saying 'the normal repayment rate is about 50 per cent' instead it says '94 per cent of people pay their tax on time'. What this does is emphasise a positive, rather than negative, underlying social norm. The result was that the repayment rate went up to 85 per cent, [collecting] £200m just in that experiment alone."

The application of the theory has been extended to another playful idea, that of "Fun theory." Volkswagen have been very active in this space doing a number of exciting projects. For example they have installed piano stairs alongside escalators in underground travel systems to encourage people to walk and exercise more. It works and people love it! The winner of last years' Fun Theory award offered an idea to get people to obey the speed limit. The simple idea is to capture on camera the people who keep to the speed limit. They would have their photos taken and registration numbers recorded and entered into a lottery. Winners would receive cash prizes and be notified by post. Better still, the winning pot would come from the people who were caught speeding.

**PLI Comment:** *The theory has its backers and its critics. Some claim that the theory is behavioural 'manipulation'. Its supporters say that it is a gentle approach that leaves the individual with a choice to make. We leave you to decide on this. But at PLI our interest and experience in particular has been in applying Nudge Theory to organisational change. It offers a powerful and at times compelling alternative to over-engineered, heavy and sometimes unsuccessful change processes. Managing meaning and influencing behaviour is an essential part of agile leadership and so we will be returning to the subject of behavioural economics in future editions of The Inquirer.*

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## **It is the emotional not the rational aspects of your engaging leadership that your people need most at the moment, by Julian Powe**

There is a strong reminder of this in Towers Watson's latest Global Workforce Study (Towerswatson.com). A regular surveyor of nearly 100,000 employees worldwide, the Study has consistently found 'Senior leadership interest in the well-being of their people' as the top driver of employee engagement, an emotional enabler. The latest survey underlines this in its two top findings this time around.

Firstly, the workforce is described as recession-battered with lower expectations, increased anxiety and new priorities. In terms of the employee deal, the desire for security and stability trumps everything else right now. And mobility is at an all time low.

Secondly, there are disturbingly low levels of confidence in leaders, particularly in terms of the interpersonal aspects of their roles. Of course, confidence in leaders always falls in difficult economic times, by virtue of employees' increased concern for personal circumstances. But the Study identifies a powerful and controllable reason for this. Year by year, the survey data have increasingly shown that employees place more value in the emotional elements of their leaders' behaviour (eg strong listening and empathy, high levels of visibility, close attention to well being) than to the more rational elements (eg clarity of objectives, business planning, attention to strategy). More than that, they indicate that



their leaders instinctively turn more to the rational elements in their leadership and rate them more strongly on the rational aspects than the emotional ones.

Here, this year, is the range of 'emotional' aspects of leadership that employees cite as the attributes they most want in senior leaders (% shows % of respondents):

- Trustworthiness – 71%
- Care about the well-being of others – 62%
- Is highly visible to employees – 56%
- Encourages the development of talent in the organisation – 50%

As leaders ponder their own personal inclinations on the employee engagement front, it is worth remembering the four enablers of engagement that David Macleod articulated in his authoritative study, 'Engaging for Success':

- Strong, visible, empowering leadership providing a strong **strategic narrative** about the organisation, where it's come from and where it's going. Communicated clearly, consistently and constantly giving a line of sight between the job and the organisation's vision. Everyone knows the what, the why, the when and the how (and the why not).
- **Engaging Managers** focusing their people and offering scope, treating their people as individuals, and coaching and stretching their people.
- There is **employee voice** throughout the organisation, for reinforcing and challenging views; between functions and externally; employees are seen as part of the solution – not the problem. This voice is an informed one because information is widely shared early and often. Employees' views are sought and followed up; explanations are given if ideas/views are not adopted. Employees are involved in developing solutions early – not informed of the next initiative. Options for change are discussed.
- There is organisational **integrity** - the values on the wall are reflected in day to day behaviours. These expected behaviours are explicit and bought into by staff. And it is kept real - staff see through corporate spin quicker than customers or the public. There are mechanisms for ensuring what you say is what you do.

**PLI Comment:** *These data points offer helpful frames as leaders seek to balance the emotional and rational elements of their leadership; it is the time for 'both and' not 'either or' thinking and behaviour. In these uncertain times, we do notice leaders paradoxically tending to emphasise the rational side more, despite this evidence showing the greater importance of the emotional side. Instincts like 'It is important to outline the pros and cons of change, the rationale for it' come to the fore – important but employees are saying they need more of the empathetic, listening, inspiring and reinforcing side. This is borne out by our own data from employees in both the private and public sectors; in summary, they are saying, 'Prioritise, prioritise, prioritise, do not load us up with even more from even less. However uncertain you are at the moment, please do not retreat but instead raise the levels of communication and engagement with us. And pay as much attention to our well-being as to the task in hand.' And leaders can make no better connection with their people than by occasionally showing their own vulnerability; it does no harm for your people to see you struggling at times.*



## Who authorizes your environment? Re-setting a new normal for public service leadership, by Steve Turner

PLI received some interesting responses to our last edition of the Inquirer which was devoted to exploring the Strategic Triangle model proposed by Mark Moore. He holds that the key variables of public value (purpose), means (capabilities) and authorising environment (locations of power) need to be aligned. We stated, 'when all three points are in alignment we are in business, but weaknesses in any of the three components or misalignment between them will seriously challenge the ability of the organisation or policy to deliver.'

One responder from the wider public sector found that the article resonated with their experience and added that they were looking to build new relationships with their community to 'create the authorising environment or re-establish it in order to be more accepting of a different way of doing things as opposed to just cutting.' They are also exploring innovative partnerships with private sector not for money but for shared branding.

Another response criticised the article for a 'generalisation of issues' suggesting that civil servants getting out and selling their message is just naïve.

However both responders shared a view that leaders in the public sector need to assert confidently their authority. Now is a time to find new ways of challenging or partnering the authorising environment. Why? Because it is their role to ensure the alignment of the variables which Michael Moore describes. Passively obeying orders, rationalised by saying that they serve Ministers, is no longer tenable. Public service leaders need to find their voice and think about the service they provide in a new light. Gus O'Donnell rightly states that civil servants need to feel confidence in their talents and contribution to the common good or public value (despite the denigration they hear from Coalition Ministers). Perhaps Rowan Williams' recent article in the New Statesman provides a model or is that too blatantly political? Someone who might have been considered part of the authorising environment itself has asserted his right to tell truth to power. How can our public leaders do the same?

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Public Leadership Inquiry is a bold research and consulting enterprise devoted to understanding and strengthening leadership and organisational change.

At the heart of our work is a focus on helping organisations to become AGILE and LEAN - two critical features of success for modern organisations. We look to the real-world experiences of leaders and undertake research that delivers insights, "know how" and the strategies needed to be agile and lean. We bring particular value to complex organisational challenges, in fact the more complex they are, they more we can help.

PLI was co-founded by Sue Duncan, former Government Chief Social Researcher; Robin Ryde, author & former CEO of the National School of Government; Steve Turner, executive coach and board level leadership advisor; and Julian Powe, employee engagement expert and board level change management advisor.



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TURNING RESEARCH INTO ACTION

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