

**FORUM**  
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*Leadership and the Performance of People in Organizations:  
Enriching Employees and Connecting People*

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## Abstract

Leadership, one of most widely discussed and researched aspects of business, has been characterized by a variety of definitions, frameworks, guidelines and managerial prescriptions. We provide a review and reframing of leadership from a people-first perspective. This approach asserts that the most important part of leadership embodies the primacy of people, particularly employees. In contrast to an industrial era approach to leadership, a people-first framework best fits into the emerging information and service economy.

We draw on a constituent-based approach to leadership that balances the needs of multiple constituents—employees, consumers, shareholders, and the community at large—to ensure that the needs of each constituent are met. We imbed this approach into the more traditional framing of leadership with respect to organizational vision and the alignment of competing interests.

At the heart of our approach is an emphasis on employee enrichment, and advancing the overall quality of their lives, particularly with respect to the connectivity across individuals within organizations. This extends well beyond work/life balance into authentic concern for enhancing people’s lives. We provide several recommendations for implementing people-centered leadership. These include employee insight, empowerment, human connectivity, people-based organizational structures and the measurement of employee well-being.

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## 1. Introduction

Leadership is one of the most widely discussed and researched aspects of business. Bookstores have entire sections of materials explaining how one becomes a great leader. In addition, associations and business schools feature countless conferences, workshops and seminars on leadership. As one might expect, such a plethora of work has provided a variety of alternative definitions, frameworks, guidelines and managerial prescriptions. An implicit, and sometimes explicit, premise of the leadership literature is that leaders somehow are in a position to control the behavior of other people and the outcomes of their actions. While this may have been true in a different era, today businesses operate in an environment where there is little control to be had. In fact, in his recent book, *What Would Google Do?*, Jeff Jarvis' first principle of what we might call the Google economy is "give the people control and they will use it." Much has been written about the idea of empowering employees as an antidote to Frederick Taylor's scientific management—an approach that viewed a business as a machine to be operated as efficiently as possible. We advance the leadership-as-empowerment approach and go further to frame quality leadership more directly around people.

A multitude of forces, including economic hardship, the need for transparency, shifts in labor markets, and the revolutionary impact of digital and social media is leading to a much more people-centered economy. This requires a more people-orientated approach to leadership and management. A people-first mindset is emerging whereby organizations, including businesses, nonprofits and governments, operate in response to people—in contrast to the capital and raw material focus of the industrial era. In a people-based economy just about everything that makes a business successful—innovation, creativity, execution, and service-- stems from the behavior

of people. An overarching problem of modern business is that organizations treat people with an industrial era mentality that views them as what economists call “factors of production.” That machine-like metaphor no longer fits, if it ever did. What is needed is a framework that conceptualizes businesses in a more humanistic way by placing the greatest emphasis on people.

A common approach to leadership assumes that organizations perform best when leaders take actions that influence people to work harder or more efficiently. That is, leaders take action that lead to greater organizational success, typically measured by revenue and profit growth. By the same logic, great leaders are the ones who gain the most for their organizations as represented by a narrow set of financial measures. This view is as universal as it is wrong.

Good leadership is not about treating people as a means to some other end. Good leaders take care of their people and, as we discuss in detail below, enrich their lives. The shift to a people-based economy is particularly evident when one considers young workers in today’s labor force. Gone are the days when employees, thankful to have any job at all, would tolerate adverse working conditions or rude managers in exchange for a paycheck. The fundamental shifts brought on by people-empowering technologies, as well as changes in cultural norms about work, require organizations to place less emphasis on control and a more sincere emphasis on people. Because power implies control, we do not describe good leaders as powerful. People don’t want to be controlled. Great leaders are those who show care and concern and genuinely do things to contribute to the lives of the people they lead. In fact one could argue that the whole idea of power—getting people to do what they otherwise would not—is anathema to good leadership. In this paper we introduce the idea that good leadership should enrich people. By this

we mean approaching leadership from the perspective that a leader's primary focus is the people's well-being.

Corporate leaders are accountable for more than merely financial performance. Particularly in today's political environment, greater attention should be placed on social, ethical, and environmental concerns. To address this broader approach to leadership, we set forth a people-first view of leadership that balances a multiplicity of objectives with the needs, wants and values of the people in and around an organization. A key dimension of our approach is that leadership is not so much about what leaders do, but about the context and conditions that leaders establish—that is, culture and values. These contexts and conditions provide the apparatus for organizational performance to emerge. Essentially, our approach, which draws on pre-existing conceptualizations of leaders as servants, prioritizes people as the drivers of organizational success.

We organize this article into three sections. First, we investigate the role of leadership in driving organizational performance and articulate our people-centered perspective. Second, we consider the need for a cross-functional, process-based approach to leadership, with an emphasis on a people-orientated approach for all constituencies. Finally, we propose a strategic framework built of four processes and examine the components of each in bringing about successes for both people and organizations.

## **2. Leadership and Enriching People**

### ***What is Leadership?***

Leadership is necessary to shape goals, coordinate efforts, motivate employees, and monitor performance. Leadership consists of the efforts of one member of an organization with respect to other members with the intent of helping people and organizational units achieve their goals (Yukl and Van Fleet 1992). Leaders guide firms and their people into the future. They are the ones who must find new paths to change organizations and should be the most persistent in pursuing the chosen direction. One of the most difficult things about studying leadership is that it is frequently conflated with management. Many scholars have made a clear distinction between these two concepts arguing that leadership is different from management in many aspects (Kotter 1990; Zaleznik 1992; Maccoby 2000; Tucker et al. 2002). Maccoby (2000) explains that, “While leadership is a relation between the leader and the led that can energize an organization, management is usually a function that has to be exercised.” Or, more simply, leadership is determining where to go and management is figuring out how to get there. Importantly, these definitions point to distinctions between people and functions—something key to how we approach leadership.

Many areas of business, particularly the people-orientated ones of management and marketing, present themselves as portfolios of practices. While the practices are directed at people, the primary focus is on the practices themselves, not the people for whom they are executed. This is no better indicated than by the importance placed on the ROI of a given activity. Measuring the financial return achieved by implementing an employee incentive program or a

consumer promotion compares the financial gain from the practice to its cost. However, such a measure does not capture whether or not the employees or consumers are better off.

A great deal of attention has been paid to the problem of organizational silos and the hindrances they create for leaders. We will set the silo issue aside and address a more granular aspect of organizations – the people themselves. Essentially, we approach leadership from the perspective of how an organization can help itself by helping its people. When we speak of people, we primarily have employees in mind. However, a people-centered approach to leadership also encompasses business partners, customers, and others relevant to the organization. In that context, we pay particular attention to the role of leaders in facilitating the connections of people within and across organizations. This is a much broader approach than focusing on management practices. For example, organizations regularly use reward, incentive, and performance measurement practices to influence people. These are excellent practices that have been shown to increase the performance of people and organizations. However, the design and implementation of these practices are sometimes too narrow in that they are not connected to all of the human elements of the workplace (Fitz-enz 2000, Frigo 2008, Schaeffer 2002, Kocabiyikoglu and Popescu 2007, Anderson and Oliver 1987, Kreps 1997, Lopez et al. 2006). While each management practice may influence a specific performance area, it may contribute to, or detract from, the overall culture, the sense of community and the well-being of individuals.

### ***A Constituency-based Approach***

In the 1970s, academic researchers provided an approach to conceptualizing an organization as a collection of constituents (Pfeffer and Salancik 1978, Mintzberg 1979). This theory sets forth an organization as a set of internal and external constituents, essentially

“coalitions of like interests” that act in ways that advance their interests. Internal coalitions can be employees, departments, and functional areas within the organization. The much maligned organizational silos are essentially coalitions attempting to advance their own interests in ways that are uncoordinated, and often at odds, with other coalitions. External coalitions include stakeholder groups including customers, business partners, communities, and investors. One of the main challenges of leadership involves paying attention to each constituent and balancing the competing interests of the coalitions. A great deal of organizational difficulty stems from uneven emphasis on certain constituents at the expense of others. For example, if a company were to receive a windfall of excess profits, it could use the money to increase dividends to shareholders, provide bonuses to management, increase compensation of front-line personnel, or decrease prices to customers. Each alternative serves the interests of one constituent at the expense of the others.

Pfeffer and Salancik (1978, p. 24) argue that “to describe adequately the behavior of organizations requires attending to the coalitional nature of organizations and the manner in which organizations respond to pressures from the environment.” However, conflicting demands of the firm are attributed to these various coalitions that make businesses narrower in their perspective. For example, during the past few decades, many business leaders have been driven by the interests of shareholders. This has manifested itself in CEOs’ preoccupation with shareholder value and personal gains through stock option compensation.

The constituent approach is attractive because it places an emphasis on people and their desires. However, we extend the constituent idea beyond the collections of people as organizational units and prioritize the individuals themselves. True leadership takes place when

leaders direct their efforts at the well-being of individuals. Importantly, the people-orientated approach to leadership that we advocate emphasizes understanding the interests of the constituents and ensuring the organization functions to advance those interests. Reichheld (1996) describes in *The Loyalty Effect* how successful organizations balance and advance the interests of its three main constituents—employees, customers, and shareholders. Reichheld’s approach demonstrates how leaders must take responsibility for their people. Constituents, such as employees or customers, should not be viewed as adversaries but as people who have a relationship with an organization because it suits mutual interests.

Paul Anderson (1982), in one of the most highly cited papers in marketing literature, proposes a constituency-based theory of the organization that focuses explicitly on the roles performed by the various functional areas. He points out that

“The constituency-based model views the major functional areas as specialists in providing particular resources for the firm. The primary objective of each area is to ensure an uninterrupted flow of resources from the appropriate external coalition.” (p. 15)

Anderson notes that each functional area is constrained by the objectives of the other coalitions. For instance, if the marketing function attempts to assure greatest customer satisfaction as a means of supporting its customer coalition, it may be constrained by budgetary limitations or restrictions in employees’ willingness to perform some task. In the constituency model, the negotiation process among the various coalitions takes place because each constituent is attempting to optimize something different. Quinn (1981) argues that this negotiation period tends to emerge incrementally over relatively long periods of time. He proposes that leadership is needed to obtain the collaboration and commitment of an organization’s various coalitions through constant negotiation and both explicit and implicit bargaining. In a similar vein,

Freedman (1984) posits that shareholders benefit the most when all stakeholders are well served, without favoring one over another. Consequently, leadership plays a key role by embracing each function's belief in the importance of its own constituencies and aligning them with the organization's long-term vision. Weak leaders fail to balance the competing interests of different organizational coalitions. For our purposes, the way to achieve the proper balance is through emphasizing the well-being of the individuals within each constituency.

### ***From Constituents to Individuals***

The key value of Anderson's theory for our purposes is the realization that *people provide resources to the firm*. Shareholders provide capital, customers provide revenue and profits, and employees provide labor, innovation, service and a host of other resources that make success possible. Importantly, in order to assert a people-based approach to leadership, we rely on Anderson's conceptualization of people as resource providers. In other words, the answer to the question, "Why should an organization care about the well-being of its people?" is that it is the people who are the lifeblood of the organization. We build on this constituency approach because it fundamentally represents the centrality of people to an organization's performance.

Commentators have long remarked that organizations are only as good as their people (e.g., Heil et al. 1995). Although, one might argue that companies that so often *say* how important their people are may not always *act* as if they are. In his book, *The Human Equation*, Pfeffer (1998) describes how companies achieve profitability by putting people first. Numerous business practices have been put forth that suggest management practices can affect performance in positive ways. These include training, performance management, and rewards and incentive systems (Ouchi 1981, Kohn 1993, Pfeffer 1998, Kaplan and Norton 1992, 1993, 1996). Barber

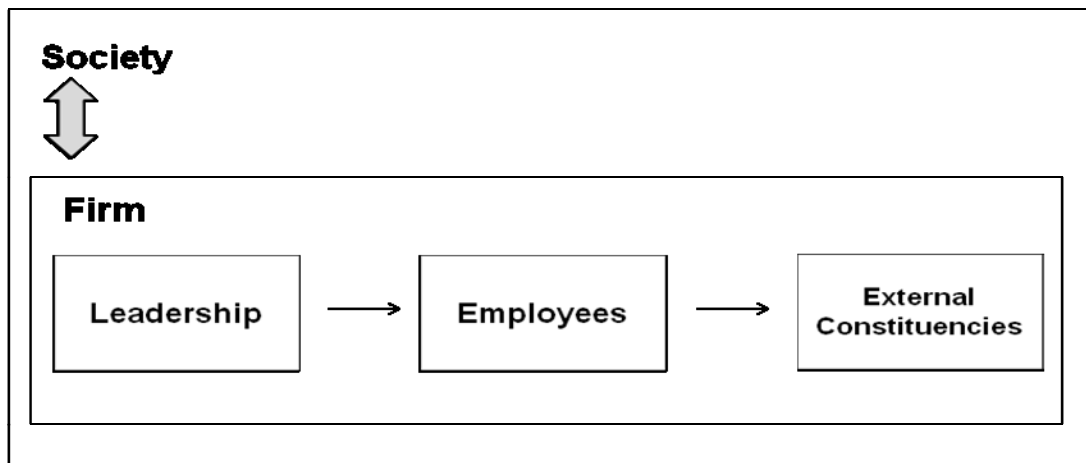
and Strack (2005) suggest “companies mistakenly focus on capital productivity rather than employee productivity and rely on capital-oriented metrics, such as return-on-assets and return-on-equity.” This is an important point because it demonstrates the inability to emphasize the importance of people in business environments where the key metrics are almost entirely about financial or marketplace performance. Certainly there are industries where capital and technology dominate. However, acquiring capital, improving technology or just about anything else an organization can do to succeed, short of discovering oil in its parking lot, happens because of people. Apple, Inc. is an extraordinarily innovative and creative company but its success is because of Steve Jobs and other people who work there; not because of access to a natural resource or a proprietary technology.

In addition to an emphasis on people, we advocate an emphasis on the relationships that exist among people. Very few studies on leadership emphasize relationships among people—what we call the *human value connection*. The human value connection encompasses the links between people within an organization, and the links across organizations best represented by the interactions between employees and customers. Fleming et al. (2005, p. 114) suggests, “The responsibility for measuring and monitoring the health of the employee-customer relationship must reside within a single organizational structure, with an executive champion who has the authority to initiate and manage change.” This means that responsibility for people must be centralized within the organization’s culture. Places of employment represent real communities to the people who work there. Employees place tremendous value on the relationships they have with their co-workers. Yet, despite this obvious fact, leadership and management practices provide limited guidance on how organizations should build healthy communities and foster a culture of caring. In addition to employee communities, the human value connection applies to

the links between employees and workers at other organizations and links between employees and customers.

Figure 1 depicts a basic model of how leadership can feed into the connectivity of employees and customers. Importantly, these connections live within a broader social context in which an organization exists.

**Figure 1**



This basic model shows the approach to leadership that links the employees to leadership in relationship with customers and other primary constituencies. However, a key aspect of human value connection addresses the connectivity of people within an organization as well as between an organization and its external coalitions. This human value connection represents what we might call a “flow of performance.” Organizations succeed because information and actions flow from person to person. While such a flow seems to be identical to the idea of organizational processes, we prefer to emphasize the personal relationships more than the rigidity of formal processes which may or may not capture the essence of human relationships. A static, top-down approach fails to represent the connectivity that happens on an ongoing basis in

an organization. And, in some ways more importantly, the flow of performance across organizations (the relationship between a salesperson and a client, for example) are crucial to success. As described in a recent paper by the Forum for People Performance (Mulhern 2007), each silo manages a different part of an organization with limited linkage across functions.

A key challenge for leaders is the barriers that exist between people because of organizational structures, physical separation, and cultural differences. Companies claim to offer comprehensive customer solutions with better-aligned sales organizations. But in many firms, in order to manage each part, the Human Resources department is only responsible for its employees while the Marketing and Sales departments are responsible for customers and channel partners (Fleming et al. 2005). Organizations perform better when they simultaneously manage multiple flows of performance among many people. Hence, leadership must address the relationship among the various constituencies and the way information flows among them. This is an important distinction because it changes leadership from something only top management does for the organization to something that management facilitates and enables but does not necessarily control.

Human potential is seemingly limitless. Few people perform to their greatest potential because, among other reasons, organizations do not facilitate it. Much like a sports coach builds a strategy around the talent of the players, leaders must manage organizations to foster the highest levels of human performance. A major point of distinction in how we frame leadership is to place the utmost focus on enhancing the lives of people. With respect to employees, we call this *employee enrichment*. From a strategic standpoint, employee enrichment involves a synthesis of the organization's vision, the connectivity between different sets of people, a deep

understanding of the nature of people in a rapidly changing environment, and a performance assessment process that evaluates the quality of people's lives. We define employee enrichment as follows:

*Employee enrichment is a strategic approach that genuinely emphasizes the quality of people's lives. It addresses work and non-work life factors and attempts to enhance people's lives on the expectation that the better a person's well-being, the better that person performs. An enrichment approach to leadership also emphasizes the social element of work and the connectivity people have with other people inside and outside an organization.*

Enrichment provides superior opportunities to foster not just the quality of the work environment for better business performance, but for a richer life with personal well-being as the goal. Two aspects emanate from an enrichment approach to leadership. First, central to enrichment is a focus on the well-being of individuals. The emphasis shifts to what is good for the employee and how employee interests are aligned with organizational objectives. The second aspect is the idea of the *meaning of work*.

Wrzesniewski (2003) connects employee well-being to the idea of work having meaning. She sets forth a hierarchy of the meaning of work ranging from a "job" at the low end, to the middle range idea of a "career" and the highest level of meaning as a "calling." Wrzesniewski describes the positive relationship between an employee's sense of work as a calling and performance on the job. The obvious question with regard to leadership then becomes, "How do leaders support employees' sense of work as a calling?" The conceptual framework we describe below connects the aspects of leadership to the idea of the meaning of work and employee enrichment. The hierarchy of job—career—calling is demonstrated in the fable about a man walking past a bricklayer and asking the bricklayer what he is doing. The worker responds,

“laying bricks.” Dissatisfied with that response, the man proceeds to the next worker and asks him what he is doing. He responds that he is building a wall. Still dissatisfied, the man moves on to a third worker and asks the same question. The worker stands up straight, looks the man in the eye and proudly states, “I’m building a cathedral.”

A great deal of emphasis has recently been placed on employee engagement—the idea of reaching beyond employee satisfaction to a level of caring and commitment an employee has for a job or employer. Enrichment is a very different concept than engagement. Importantly, engagement, like satisfaction, is a concept that reflects a performance orientation that more or less says, “Management wants employees to be engaged so they perform better for the company.” By choosing the word “enrichment” we reverse the orientation and abandon the idea of using people to make an organization perform better. Enrichment entails a people-first perspective. Implicit, but not dominant, is the expected positive outcome that enriched employees have on the performance of the organization.

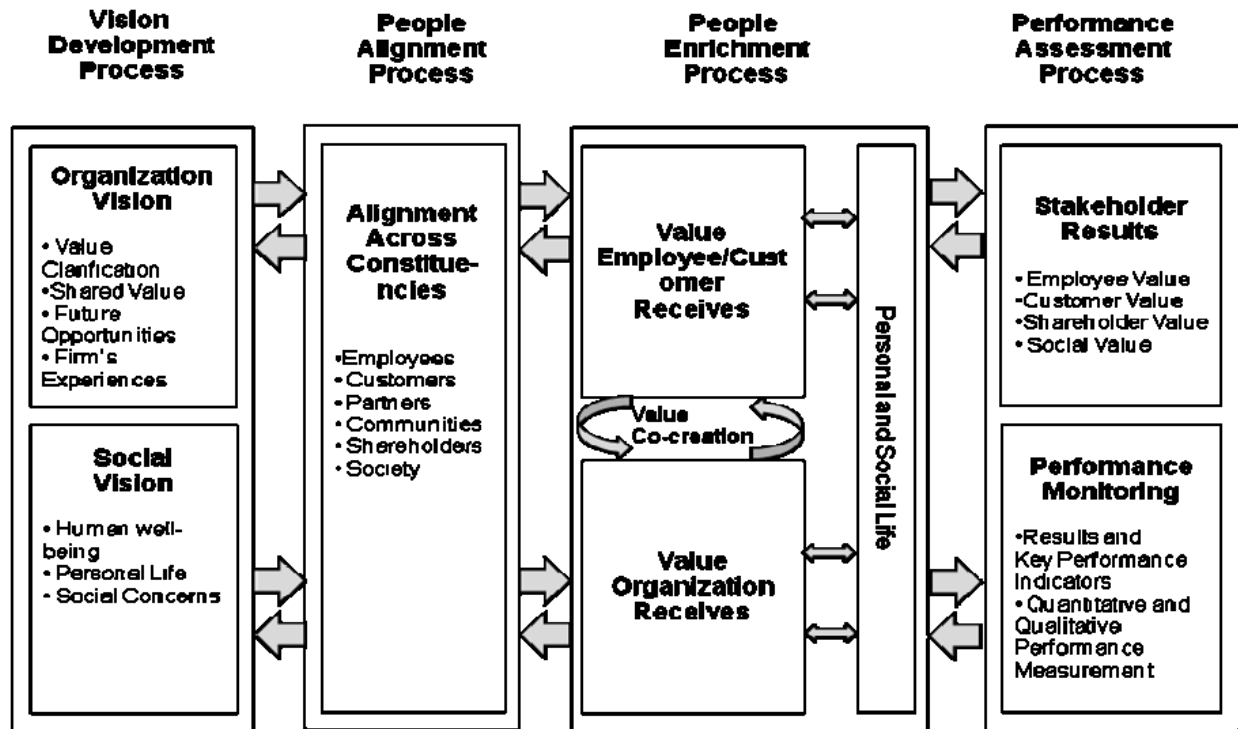
Personalism is a concept that has recently gained some popularity in the academic literature about business. Personalism maintains the centrality of the human person in social, political, economic, and environmental concerns (Mele 2009). Similarly, Kliatchko (2009) espouses that personalism is a stronger and more complete way to think about how businesses serve customers than is the more limited marketing concept (i.e., let’s satisfy customer wants so the company can make profits). Personalism represents a genuine interest in the betterment of people. Leadership that prioritizes enriching the lives of people is wholly consistent with such a view.

### 3. A Conceptual Framework for Enrichment Leadership

Much of the research on leadership addresses different types of leadership and the ways they are applied in organizations (Spreier et al. 2006, Turney and Cohen 1980, Burns 1978, Bass 1985, 1990). Heskett et al. (1994), in discussing the service-profit chain, note the absence of a leadership framework that connects employees to customers. Rucci, Kirn, and Quinn (1998) go a step further and have leaders focus on what really matters to employees instead of solely focusing on business outcomes. In Rucci, Kirn, and Quinn's (1998) research, they develop a basic model that contains a set of twelve criteria, grouped around three *Ps* - *performance* leadership, the *provision* of value customers, and employee *passion* for the customer. Although this model is useful for dealing with both employees and customers instead of only coping with people inside an organization, it emphasized leadership practices per se, as opposed to the people themselves. This gap in the literature suggests that a need for a more people-orientated leadership approach we have been describing here.

We establish four key leadership perspectives that blend our employee enrichment approach into the traditional components of leadership. The four process components are 1) the vision development process, 2) the people alignment and interpersonal connectivity process, 3) the people enrichment process, and 4) the performance assessment process. We assemble these four elements into a framework that imbeds our people-first approach to leadership into the more traditional vision and alignment approached. The framework appears in Figure 2 below:

Figure 2



This conceptual framework imbeds employee enrichment processes in a leadership model that fully represents the traditional outcomes desired by organizations. The framework starts with a detailed review of the vision development process and ends with an improvement in the financial performance and the quality of life of people within and outside of the organization (the performance assessment process). We next consider how employee enrichment pertains to the vision development process.

#### 4. Vision Development Process

Kotter (1995) argues that the primary source of failed leadership is uncertainty of vision. Without a sound vision, a leader's efforts can easily dissolve into a list of confusing and

conflicting tasks that can take the organization in the wrong direction, or no direction at all. Therefore, providing a strong vision is the first and most important leadership step. A clearly articulated vision leads to developing a mission demonstrating commitment and inspiring a sense of direction not only to the members of the organization, but also to the external society. Good leadership affects every level of an organization. A vision reflects a firm's fundamental beliefs, experiences, shared values, future goals and opportunities (Kouzes and Posner 2002). Pratt and Ashforth (2003) indicate the importance of establishing a vision that relates to the meaningfulness of work to employees. Meaningfulness isn't a concept that gets much attention by management theorists and consultants. While this seems to fall outside the scope of solutions that are easily constructed and implemented, meaningfulness represents the heart of employee enrichment. Leaders that truly inspire employees are able to make their lives, both at work and elsewhere, meaningful.

A very important distinction can be made between the vision of an organization and the visions of the people working there. Quite often, an employee has a vision that is at odds with that of the organization. An employee sees the organization as a source of income, an important social component, and an opportunity for personal growth and career development. In contrast, an organization may see the employee as a means to financial performance. This is an inadequate vision that fails to account for the needs of the individual. In centering leadership on people, we incorporate the well-being of people into an organization's vision.

Today's economic and social environment brings about extensive change in the fundamental purposes of businesses in society. Central to these changes is an increased emphasis on a company's responsibilities beyond immediate and obvious business performance objectives

and into more people- and society-related outcomes. Increasingly, both practitioners and academics are recognizing the advantages of leadership being not just people-orientated but also having a beneficial social orientation, influencing people outside the organization and society at large (Kaku 1997, Hilton and Gibbons 2002, Csikszentmihalyi 2003, Sisodia et al 2007). In sum, a people-centered approach to leadership directs management's vision toward the personal and social values that coalesce with the responsibility of organizations to society at large.

## **5. People Alignment Process**

The alignment of people—the idea that all relevant individuals share the same vision—is central to effective leadership. Without it, different constituents in an organization strive for different outcomes; a situation that stifles the prospect of achieving objectives. While several studies (Labovitz and Rosansky 1997, Roepke et al. 2000) have addressed alignment, few have taken the people-centric approach we are advocating (Marketing Innovators 2006).

Leaders attempt to ensure the alignment of each constituent with the organization's ability to satisfy those needs (Bowden 2000, Gottschalg and Zollo 2007, Subramony 2006). Alignment happens by sharing a vision with the people throughout the organization. To enlist people in a vision, leaders must know their constituents as well as their cultures and languages. It is not just connecting different sets of people into one, but rather connecting people with a shared vision who have strong relationship with each other (Duck 2002, Kouzes and Posner 2002). Good leadership fosters cooperation and builds trust by aligning different groups of people—employee, customer, supplier, partner, investor, and society—all who have some level of participation in the organization. With an emphasis on aligning people with an overall vision, firms are able to adopt specific management practices that achieve strategic objectives. These practices, which

include training, team-building, incentive programs and the like, work best when they are built upon a well-developed vision that incorporates the needs of employees and other relevant constituents.

Proper leadership aligns people by communicating to them with credibility and through empowerment at all levels of the organization. However, a company's ability to align people successfully is heavily dependent on its ability to *authentically* lead all constituents and to integrate them into a cohesive whole.

## **6. People Enrichment Process**

At the heart of the relationship between the employer and the employee is the idea of a value exchange whereby each party sacrifices something to achieve something else. Employees provide time and effort in exchange for compensation and benefits. Employers provide compensation and benefits in exchange for labor that helps the organization achieve its objective. In the context of our people-centered approach to leadership, enriching the lives of employees gets added to the value exchange. The value exchange is multidimensional and includes both work and non-work components and ultimately encompasses all aspects of what people get from organizations and what organizations get from people.

### ***Changes in the Value System***

It is difficult to enact changes in organizational values during an era when deeply ingrained approaches prioritize internal performance measurement and reward systems designed to maximize short-term financial performance (Hayes and Abernathy 1980, Anderson 1982). A fundamental gap exists between emphasizing profit maximization in the short-term and treating

employees and customers as people who have a variety of needs and concerns. Many academics and practitioners claim the need for changes in the value system from a purely economic approach to one that is more people oriented. Academic research has focused on topics such as customer orientation (Kohli and Jaworski 1990, Jaworski and Kohli 1993, Gulati 2007), a service-dominant approach to marketing (Bendapudi and Leone 2003, Prahalad and Ramaswamy 2004, Vargo and Lusch 2004), and the service profit chain (Heskett et al. 1994, 2008, Rucci et al. 1998, Cozzani and Mulhern 2004, Brown and Lam 2008, Homburg et al. 2009). In adopting a people-first approach to leadership, we are undertaking an endeavor that, in many ways, parallels a customer-oriented approach to marketing in which a quality salesperson satisfies the needs of clients, and then thinks about revenue and profits. However, after promulgating a customer focus for several decades, marketing practitioners still have limited regard for consumer well-being and continue practices that do little other than drive short-term spending.

### ***Work and Quality of Life***

People are fundamentally concerned about physical, psychological and social aspects of their lives in ways that span both workplace and private life. As Schalock (2004) states,

“These challenges derive from the quality revolution of the 1980s and the reform movement of the 1990s that have brought about significant changes in how people view the purposes, characteristics, responsibilities, and desired outcomes from their lives.” (p. 203)

Obvious improvements in the quality of life are regularly developed from medical, scientific, and technological advances. Importantly, Csikszentmihalyi (2003) suggests that business is now the most crucial institution affecting the quality of people’s lives because businesses create wealth that leads to improved living standards and innovation in want satisfaction. The greatest value

organizations can provide employees is to go beyond the basics of compensation and benefits and encompass personal growth.

The idea of personal growth of employees shifts the focus of leadership away from marketplace outcomes and towards the enrichment of people's lives. Good leaders take a proactive interest in their people and put into place mechanisms that foster personal growth. Implicit in such thinking is the expectation that the collective personal growth of individuals contributes to organizational growth and performance. Marketplace and financial performance are not abandoned; they are just reconceptualized as outcomes of the actions of people in the workplace. Personal growth can take a variety of forms including education support, training programs, physical and mental wellness efforts, and preventive health care.

Once a personal growth goal is adopted, strong leaders develop ways to motivate and inspire people to move in the right direction and to interact in certain ways with others, either inside or outside an organization. Successful motivation guarantees people have the skill and energy to overcome many business obstacles. Reward systems need to be adapted to reflect a leadership approach that ultimately satisfies people's basic needs for achievement, a feeling of control over one's life, and a sense of belonging. Such endeavors can simultaneously enrich employees' lives and drive the financial performance of an organization (Amabile and Kramer 2007, Kim 1984, Fulford and Enz 1995). If people are happy in their work they are more productive and of greater value to the organization. Consequently, a people enrichment approach to leadership will improve the quality of life by better "humanizing" the conditions work.

The idea of enriching people applies to customers as well. In one sense, providing quality products or services at competitive prices with proper distribution is, in itself, a way of enriching

customers' lives. In addition, marketing research clearly shows that a firm's financial performance and future profitability can be directly derived from customer loyalty and customer satisfaction (Levitt 1969, Boulding et al. 2005, Payne and Frow 2005, Anderson et al. 2006). As a result, many companies claim to satisfy customer needs. On the other hand, the extent to which organizations think of their mission as enriching the lives of customers is limited. Most organizations do not have clearly articulated direction about the value the firm provides to customers, aside from standard financial outcomes. According to Gulati (2007), General Electric redesigned their organizational units to meet customers' needs in a more holistic fashion and to better align the sales organization. However, changes in the organizational system cannot remedy fundamental difficulties attributable to weak leadership and a failure to have a customer focus. Galbreath and Rogers' (1999) research on leadership for a Customer Relationship Marketing process reflects a customer-oriented approach to leadership. Further research is needed to determine how specific management initiatives in product design or service delivery systems manifest themselves in high quality customer experiences.

## **7. Performance Assessment Process**

The performance assessment process deals with two main components. The first is the performance of an organization for each of the stakeholders. This includes stock price and dividends for shareholders, compensation and benefits for employees, and product quality and performance for consumers. The second component of performance assessment is people-centered metrics that measure the degree to which an organization satisfies and enriches people. Without a doubt, organizations are weak at assessing the more human side of performance.

As noted above, we advocate an approach to leadership that emphasizes people-orientated outcomes in ways that are consistent with traditional objectives (Lobley 2000). The fundamental premise of leadership and organizational change is that leadership processes positively affect performance and value outcomes. Fostering the proper connectivity across different sets of people is central to driving performance as noted by the aforementioned research such as service profit chain, customer orientation, and service-centered logic. These approaches focus on establishing the relationships among employee satisfaction, customer loyalty, financial performance as well as profitability and shareholder value (e.g., Heskett et al. 1994). Evaluation models that directly assess people-related performance are needed to help formalize a shift in organizational focus towards people. Surveys can provide customer and employee satisfaction metrics and an employee engagement assessment. Other metrics can be unobtrusive such as measures of absenteeism, time spent at work, and retention.

One challenge to monitoring performance is the inadequacy of metrics to connect evaluations of people within organizations to those of people on the outside (Peterson et al. 2009). Outside of assessing a field sales force, few companies connect employee performance measures and customer measures on a person-to-person basis so that consumer experiences can be improved by addressing an employee's behavior. In addition, measurement systems tend to be functionally driven, providing return measures for specific tactics but not capturing the benefits of more people-centered outcomes. Unanswered are questions about how training programs may make employees happier or how added restrictions or oversight in the workplace might make people feel threatened.

Recent efforts to provide functionally integrated measures, such as the balanced scorecard (Kaplan and Norton 1996, Becker et al. 2001) and Human Value Sigma (Fleming et al. 2005) are very useful as frameworks for how people-based measurement systems can be designed. In addition, customer and employee lifetime value (Venkatesan and Kumar 2004, Rust et al. 2004, Gupta et al. 2004, Moiseyev and Mulhern 2007), ROI of human capital (Fitz-enz 2000), acquisition and retention (Thomas 2001, Reinartz et al. 2005, Mulhern 1999), and satisfaction, are all key indicators of future financial results and are critical parts of this process. Hence, these metrics and indicators for people-orientated leadership represent the performance standards necessary to coordinate the four leadership processes described in Figure 2 and ensure leadership activities are well-planned and executed.

## **8. Implications**

We set forth an approach to leadership that puts people, primarily employees and consumers, first. What does this mean for how leaders lead? What can leaders do to genuinely advance the well-being of the people they lead? Below we consider some specific implications for how businesses may operate differently:

1. *Employee Insight:* In marketing, the idea of consumer insight or consumer understanding should underpin all strategies. We advocate a parallel employee insight for management. This understanding would reveal what motivates and satisfies employees. Incredibly, decades of research and writing about leadership and management has yet to identify employee insight as a central tenet about how

organizations relate to their people. Understanding employee insight requires research that uncovers self-identity, motivation, and personal aspirations.

2. *Employee Segmentation:* All employees are not the same. Yet many businesses offer compensation, benefits, career advancement and communications that differ little across employees. When programs are varied for different employees they are often done in overly simplistic ways based on organizational unit or job grade. People-centered leadership features customized offerings (e.g., communications, benefit programs) that are relevant to different types of people based on an understanding of their personal concerns.
3. *Serving the Whole Person:* A proper emphasis on people encompasses all aspects of people's lives, not just work. This is more than work/life balance and more about one's whole life. Much of what organizations do operates against people, families and personal development outside of work.
4. *Empowerment:* Management experts have long advocated the value of empowering employees. In the past, empowerment has been promulgated because it is a way to increase employee satisfaction. Today empowerment is a necessity because employees have access to information and technologies that empower them, whether management wants it or not.
5. *Human Connections:* The extension of employee insight into human social networks at work leads to an emphasis on the workplace community and culture. Strong leaders facilitate positive cultures. Poor leaders fail to value the human

relationships that develop in the workplace. People want the workplace to be a meaningful community for personal relationships.

6. *Organization and Society*: Particularly in today's political environment, organizations must advance the general well-being of society and the environment. This requires a connection to local communities and an understanding of how the organization affects people and societal elements.
7. *Real Human Resources*: Who really takes care of the employees? Much of what a Human Resources Department does is designed to protect companies from employees. Even the name Human Resources implies that the people are a resource for the benefit of the firm. People-orientated leaders must create employee service departments to advance and enrich people's lives.
8. *Organize for People, not Functions*: Most organizations arrange themselves around functions and place people into units based on what they do. While organizational structure is beyond the scope of this paper, we do call for alternative arrangements based on people.
9. *Measuring People's Well-being*: Organizations utilize all sorts of metrics to evaluate employees. Those metrics are generally about what the employee does for the company. People-orientated leaders should establish metrics that also measure what the company does for the employee.

## **Conclusion**

In this paper, we have developed a people-orientated, process-based leadership framework that is designed to help firms avoid the fundamental problems associated with limited leadership and help them realize the benefits of implementing this broad leadership perspective.

This study contributes to leadership, management, and marketing literature in several ways. First, we enlarge a holistic perspective that emphasizes the importance of a cross-functional, people-orientated approach to leadership. Second, we offer a process-based, strategic framework for leadership and distinguish key components within each process. Finally, our research provides a contribution to the development and implementation of leadership.

The ability to attract, keep, and motivate high-performers is becoming increasingly important in contemporary organizations. However, further research is needed to explore the how a people-centered approach to leadership should be designed and implemented. We feel certain that our findings will prove beneficial in creating and maintaining high-performance organizations in a highly competitive business environment.

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