

# The Leadership-Purpose Chain in Government Agencies

Most people wouldn't argue against the benefits of strong leadership, but little hard evidence exists to establish the relationship between leadership and long term organizational productivity, longevity and vitality. In 2005, The Ken Blanchard Companies® embarked on a year-long literature review of hundreds of studies from 1980 through 2005 in order to understand the linkages between these concepts.

The review surfaced dozens of definitions, terms, metrics, and points of view. Subsequently, we identified five common and critical elements or reoccurring concepts in the research literature:

- Welfare or the vitality of the organization
- Employee engagement or work passion
- Customer loyalty or devotion
- Strategic leadership
- Operational or tactical leadership

In addition, we found that there were researched connections between the elements that were supported by hard measures such as stock price, net profit, absenteeism, employee turnover, and cost of employee sabotage, as well as soft measures such as perceptions of customer satisfaction, employee morale, intention to leave, employee satisfaction with leadership, and community goodwill. In order to frame our findings, we used the following definitions.

## Defining the Elements

**Organizational Vitality** is defined as the degree to which an organization has continually been successful in meeting performance expectations, in the eyes of its customers, employees, stakeholders, and relevant communities, which results in the organization remaining economically viable and stable over time.

**Employee Work Passion** is defined as an individual's persistent, emotionally positive, meaning-based, state of well-being stemming from reoccurring cognitive or affective appraisals of various job and organizational situations that result in consistent constructive work intentions and behaviors.

**Customer Devotion** is defined as a customer's persistent emotionally positive, meaning-based sense of well-being stemming from reoccurring cognitive and affective appraisals of the quality of products and/or services offered by the organization, which results in consistent, constructive intentions and behaviors that supports the organization's purpose.

**Strategic Leadership** is defined by the concern for the performance and evolution of the organization as a whole, including its changing aims and capabilities. Strategic leadership defines the imperatives for everyone in the organization by creating and communicating a vision for the future, developing organizational structures, processes, and controls, managing multiple constituents, sustaining an effective organizational culture, and infusing ethical values systems within the organization's culture.

**Operational Leadership** provides the day-to-day interpretation of the organization's strategic mandates or policies. Operational leadership enables departments and employees to understand how they specifically contribute to the organization's success.

Our research showed that strategic leadership directly influences operational leadership, which in turn directly influenced employee work passion and customer devotion. Strategic leadership indirectly influences organizational vitality. In addition, we found that employee work passion and customer devotion influenced one another and that when employees were passionate about their job and their organization, they tended to interact with the customer in a more positive manner. We developed a model, The Leadership-Profit Chain to visually represent the connections that were evident in the literature.

**Figure 1:  
The Leadership-Profit  
Chain**



*The 2008 Federal Human Capital Survey showed that only 42% of government employees were satisfied with the policies and practices of their senior leaders*

## **Leadership Challenges in the Public Sector**

When thinking of leadership, one typically thinks of individuals in the private sector. However the concept of leadership in the public sector lends its own set of unique challenges. For example, the 2008 Federal Human Capital Survey showed that only 42% of government employees were satisfied with the policies and practices of their senior leaders. Only 48% were satisfied with the information they receive from management on what's going on in their organizations. These and other factors suggest that present and future leadership in government organizations must be prepared to adapt and to understand what their role is and can be.

The current presidential administration has set in motion some fundamental changes that challenge leaders in government to do things differently. But whether one supports the current party or not, there's no denying that leadership or management reform in government agencies needs to change not only because of presidential initiatives but also because of fundamental and social, economic, technical, and global realities. Let us expand on three of these realities.

First, the global workforce is aging. In the United States alone, 18.4 million people or 13% of the workforce is 55 or older. By 2015, this number is projected to grow to 31.9 million or approximately one in every five employees, a trend that is mirrored around the world. The graying of the workforce will change the way people expect their government to serve them. It will also increase the amount of diversity in the workforce as well as the amount of employee turnover that leaders face when engaging and involving the present and future workforce to do more with less.

Second, current economic realities have pushed the U.S. public debt to over \$500 billion each year since 2003, with an increase to \$1 trillion in 2008 and \$1.9 trillion in 2009. These facts have huge implications as to how much and how the American people will support their government services. It also implies the need for more scrutiny, more accountability, and more productivity from leaders in government agencies. These budgetary trends will limit resources for government agencies. The economic trend also implies the need for a more engaged workforce, with leaders who know how to support the development of employee engagement.

Third, technological advances have allowed massive amounts of information to be collected, stored, accessed, and exchanged. Government agencies could be awash with data if they do not learn how to technically manage their informational environments and requirements since up and coming generations of workers who handle technology with ease will have exacting expectations for government agencies. Two other factors strongly influence the issue of technology: the rising demand for transparent yet secure online services that protect privacy and competing markets that require information-sharing and collaboration. When one ponders these issues it is clear that new and creative government leadership is at a premium.

## Similarities and Differences between the Private Sector and the Public Sector

There is great debate in the literature about whether business practices can or should be applied to government agencies. So, as we began examining and applying this model and research to the public sector, we embarked on further literature review. Our review led to the belief that the theories of organizational function and leadership that work in the private sector will not work for the public sector unless they are modified to represent the needs and nature of that segment.

We identified three main differences between agencies in the public sector and organizations in the private sector:

- Purpose
- Structure
- Performance

While these differences exist, we also found common ground between private and public organizations. And it is important to note both the similarities and the differences. We believe that both types of organizations have four common organizational needs in order for the organization to be sustained over time:

- Resource acquisition
- Selected goal accomplishment
- Efficient and effective employee effort
- Customer satisfaction

Whether one is concerned with effectively leading any organization or a government agency, these needs must be effectively dealt with in order for the leadership to be labeled effective and the organization to remain vital, over time.

As mentioned earlier, we found five elements that emerged from the literature:

Organizational Vitality, Employee Work Passion, Customer Devotion, Strategic Leadership, and Operational Leadership.

In applying these elements to government agencies we propose certain changes to the nomenclature. Since customer devotion occurs as a result of positive experiences with the organization's products, services, policies, procedures, and personnel, the term of "customer devotion" does not translate cleanly to government agencies.

A more appropriate term for "customer devotion" in government might be "citizen appreciation", or "public affirmation," or even "constituent respect" since we are referring to client perceptions and their resulting behaviors. In addition, government agencies must consider the perceptions of all stakeholders and end users of the organization's products or services. The other term that doesn't work in the public sector is the notion of profit. We therefore propose the term "purpose" replace "profit."

## **Examining the Differences between Government and Nongovernment Organizations' Purpose, Structure, and Performance**

### **Purpose**

A strong, effective, organizational vision relates to the underlying “cause” or purpose of the organization and is defined by its purpose and operational values. Government organizations seek to serve the “public good” by providing services or promoting social goals for the community in which they serve. With government organizations, vision is less of an extension of the leader or the entrepreneur who founded and shaped the organization’s purpose, than in the private sector.

In regard to customer devotion or constituent devotion, in some cases the primary stakeholders are not the client or end-user. The recipient of the service may or may not want the services offered by the government organization, as in the case of organizations such as federal correctional facilities, environmental protection agencies, immigration services, and last but not least, the Internal Revenue Service. Some government institutions such as the four listed above, are there to satisfy the interests of more distant stakeholders and, of course, not the individuals the organization’s employees deal with on a regular basis.

Nonetheless, the concept of vitality is applicable in that both public and private organizations have to be viably supported philosophically as well as economically by the constituents they serve and by the employees who serve those constituencies. Measures of constituent support in government contexts would imply appropriate levels of funding, appropriate legislative support, a majority of strong constituent affirmations, and perceptions of the public’s general goodwill.

### **Structure**

The second main difference between public and private institutions is organizational structure. With profit-making organizations, they are shaped by boards of directors and chief executive officers whose focus and prerogative is to make a profit and provide for stakeholder or shareholder wealth. Therefore, the internal structures and processes of the for-profit sector organizations are to satisfy the consumers who provide the revenue which gives rise to a service-profit chain or an employee-customer-profit chain.

In the nonprofit sector, at the state and federal levels, most organizations are led by elected officials. They are accountable to their constituents or stakeholders, who may not be customers or end users of the agency’s services. As a result of this structure, the policies, processes, and operating philosophies become oriented toward satisfying the interest of a more distant group of people, sometimes at the disadvantage of the direct end user.

## Performance

The third main difference has to do with the concept of performance. In the case of government institutions, the concept of effectiveness, using measured outcomes, has been hotly debated and still seems unsettled. Because government organizations are established to fulfill social aims, the question of believable, quantifiable, uncontroversial, and agreed-upon measures and standards for organizational performance always seems to be “under construction.” While profit-making organizations have the luxury of using financial data as “proof” of performance or vitality, the same cannot be said for government organizations. Nonetheless, it still remains the fundamental challenge for leadership to establish appropriate measures for both the distant stakeholders as well as the end users of the organization’s services .

While we have acknowledged these differences, we must also acknowledge certain similarities. As stated earlier, we believe that both types of organizations have four common needs in order for the organization to be sustained over time. Those needs are: resource acquisition, selected goal accomplishment, efficient and effective employee effort, and client satisfaction.

Whether we are concerned with effectively leading a profit-making organization or a nonprofit organization, these needs must be effectively dealt with in order for the leadership to be labeled effective and the organization to remain vital, over time. As the reader will see, the four needs (Resource acquisition, selected goal accomplishment, efficient and effective employee effort, and customer satisfaction) are strongly correlated with the five elements found in the organizational research literature.

## **Examining the Differences between Government and Non-Government organizations in Regard to the Leadership-Profit (Purpose) Chain**

As stated earlier, our literature review revealed both similarities and differences when comparing the public sector to the private sector. However, based on our research, we believe that there was sufficient commonality to allow The Leadership-Profit Chain to work in the public sector.

We believe that when looking at the five elements of The Leadership-Profit Chain (organizational vitality, strategic and operational leadership, employee passion, and customer devotion), the elements that must shift to fit the public sector are the elements of customer devotion and profitability. We propose that “customer devotion” become “constituent devotion” and “profitability” become “purpose.”

**Figure 2:  
The Leadership-Purpose Chain**



The implementation of the organization's purpose cannot be accomplished without the cooperation and commitment of those who interact with the end user and constituents of the organization's service. Exemplary service can only happen if:

- The vision is clear
- Strategic initiatives have been formulated and communicated that favor both employee concerns and voice,
- Constituent satisfaction and voice is a priority
- Operational managers emphasize those strategic initiatives to all who serve the constituent.

All employees must move beyond a transactional approach with the constituent. All employees, managers, and line non-managers must increase their level of awareness for the desired organizational outcomes and move beyond self-interests as they serve the constituents.

### **The Leadership-Purpose Chain and Implications for Leader Behaviors**

We believe that there are three fundamental leadership considerations based upon the Leadership-Purpose Chain described above. Those considerations are: 1) a concern for a strong strategic/operational leadership link, 2) an emphasis by strategic leaders on strategically targeted initiatives of concern for employees and concern for quality constituent service, and 3) a reemphasis and commitment to servant/service-based organizational culture.

#### **A Mandatory Strategic/Operational Leadership Link**

As noted earlier, operational managers can emphasize the strategic initiative to all who serve the constituent. Strategic leaders must understand, and focus on, what they want to accomplish through other people. If strategic leaders want transformational change or if they want to achieve specific results related to an initiative, they must appreciate how their actions will influence the operational leaders and their followers. Strategic leaders must realize that for a transformation to occur, the standards and values inherent in the initiative must become the standards and values of those who carry out the initiative.

### **Strategically Targeted Initiatives Relating to Employee Work Passion and Constituent Respect**

A major question that remains to be answered is: Can government leaders keep their eye on the ball rather than on the scoreboard? In other words, can government leaders focus their activities and intentions on employees and the constituents the organization serves, rather than on scanning the business environment, political obstructions and pressures, competing entities, and personal ambitions?

The 2008 Federal Human Capital Survey showed several revealing doubts held by federal employees. Only 52% of respondents reported having a high level of respect for their organization's senior leaders, 48% were satisfied with the information they received from management in regard to the organization, and only 40% felt that their leaders generated high levels of motivation and commitment in the workforce.

The responses indicate that leaders within government organizations have work to do if they are to generate the type of work passion needed to meet the challenges of the present and future. The concept of employee work passion/engagement, as well as its formulation and development, must be understood, fostered, and monitored if human energy is to be liberated to help with the problems in the future.

An example of a possible initiative on employee work passion might be for strategic government leaders to examine the perceptions that employees have in order to understand what leader behaviors may change those perceptions on the four items described above. This approach is especially important if elected and appointed officials, who come and go because of our democratic process, do not understand how to build environments that fosters work passion and commitment within the majority of career government employees.

If the research on the Leadership-Purpose chain is to be taken seriously, strategic leaders must keep their focus on the development of employee work passion and the cultivation of constituent respect. One cannot be achieved without the other.

### **Commitment to a Servant/Service-based Organizational Culture**

Strategic leaders must appreciate and use their abilities to influence their organization's culture towards clear, values-based vision. We suggest that since government agencies are in the business of serving the social welfare, the idea of service in general—both internal as well as external—ought to drive the fundamental vision of all employees. Because the salary ranges for public government employees is considerably less than in for-profit organizations, attempting to motivate employees through increased salaries is not an option in most nonprofit organizations, many career government employees have been known to see purpose as a reason for service rather than money.

Another consideration would be to assess whether government strategic and operational

leaders are skillful enough to create organizational cultures that encourage and support an idealistic, altruistic, work environment. It must be clearly spelled out upon entry into the organization that there are limitations to the resources of public service organizations, but there is also the psychic benefits that can be realized in the actions of creating better social conditions for all. Asking and allowing people to become excited about what they can “do for their country,” while at the same time providing reasonably fair working conditions and wages, is a realistic and motivating work environment that can be achieved.

What the research shows regarding employees who are passionate about their work is that the conditions and culture that foster work passion stem from perceptions of meaningful work, procedural justice, autonomous job conditions, connectedness with colleagues and leaders, task variety, specific feedback, opportunities for professional growth, and work-life balance. Leaders must define the strategies (and leader behaviors) necessary for doing hard things in a consistent high-quality way while finding ways to influence the cultures of their organizations in order to foster work passion in their employees.

Strategic leaders must become adept and skillful at using and shaping their organizational cultures to support employee work passion and engagement. Leaders who see themselves as servants start by understanding what the environmental conditions that allow people to be engaged in their work.

### **Summary**

The five fundamental elements that all leaders in profit or nonprofit organizations must understand and use to be effective are: Organizational Vitality, Customer Devotion or Constituent Respect, Employee Work Passion, Strategic Leadership, and Operational Leadership. All elements are necessary and all are connected. These elements comprise a Leadership-Profit or Leadership-Purpose chain that can be activated for the betterment of employee and constituent outcomes. If accomplished, organizations become more effective and worthy of support, both economically as well as psychologically. The three imperatives that leadership must keep in mind are: 1) a leadership concern for a strong link between strategic and operational leadership, 2) strategically targeted initiatives on employee work passion and constituent respect, and 3) the recognition that a clear, consistent organizational culture must have a servant/service orientation at its base.

### **About the Researchers**

**Dr. Drea Zigarmi** is a highly respected and experienced management consultant, best-selling author, and speaker for The Ken Blanchard Companies. Drea is coauthor of *Leadership and the One Minute Manager*<sup>®</sup>, the third book in Ken Blanchard's best-selling *One Minute Manager* series, and codeveloper of a number of The Ken Blanchard Companies' products, including Situational Leadership<sup>®</sup> II the widely used Leader Behavior Analysis<sup>®</sup> II instruments.

Dobie Houson is Director of Marketing Research for The Ken Blanchard Companies and is responsible for competitive, market, and customer intelligence.

**Scott Blanchard**, Executive Vice President of Client Delivery for The Ken Blanchard Companies, is an unforgettable motivational speaker, accomplished corporate trainer, and passionate champion of corporate coaching. Part owner of The Ken Blanchard Companies, Scott is also the cofounder of Coaching.com, a Web-enabled corporate coaching and personal development service. In 2004, he coauthored *Leverage Your Best, Ditch the Rest* with Madeleine Homan.

**Dr. Vicki Essary** is an Industrial-Organizational Psychologist with demonstrated results in program evaluation and training and development. She is the Director of Assessments for The Ken Blanchard Companies and oversees the strategic development and implementation of the assessment center.

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### Global Headquarters

125 State Place  
Escondido, CA 92029 USA  
From anywhere: +1 760 489-5005  
Within the US: 800 728-6000  
Fax: 760 489-8407

For a list of our offices worldwide, visit  
[www.kenblanchard.com](http://www.kenblanchard.com)