

WHITEPAPER

Why purpose-driven leadership is so critical for leaders today





Laedan Professional Services, LLC

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THE ALARM HAS SOUNDED

Executive Summary

Employees and leaders are craving greater meaning and purpose, not just in their personal lives, but increasingly at work, as well. For example, a 2021 McKinsey article reports that nearly two-thirds of US-based employees said that the pandemic has caused them to reflect on their purpose in life. The authors wrote (emphasis added), "Employees expect their jobs to bring **a significant sense of purpose** to their lives. Employers need to help meet this need, or **be prepared to lose talent** to companies that will."

And, a 2019 BetterUp Labs report, Meaning and Purpose at Work, states that 9 out of 10 career professionals (that's 90%!) told researchers that they would sacrifice 23% of their future earnings—an average of \$21,000 a year—for "work that is always meaningful." That's about as much as a lot of people pay for their mortgage or rent in a year!

Great Place to Work and a host of others report that those organizations that **do not** prioritize meaning and purpose, that is, they do not practice purpose-driven leadership, have lower engagement, productivity, innovation, revenue and financials, wellbeing, and increased or continued retention problems.

On the flip side of that, purpose **is** prioritized by the 100 Best Companies to Work For in 2022, as highlighted by Great Place to Work, and those companies outperform those who do not on all of those crucial metrics.

Forbes reports that employee disengagement is at a 10-year high. Gallup has reported, "The world has an employee engagement crisis, with serious and potentially lasting repercussions for the global economy." More recently they published that one of the engagement elements that declined the most was a connection to the mission or purpose of the company. If leaders don't do something, matters are only going to get worse.

Unfortunately, many leaders and executives are seeing themselves, their teams, and their organization through the lens of the unrealistic optimism bias. It's happening to other leaders, but not to me. It's happening in other

organizations, but not to us. It's important for leaders to start with the assumption that their employees are disengaged and that they could lead with greater meaning and purpose.

On a positive note, Harvard Business School reports that companies whose employees experienced purpose at work and believed their leaders set clear direction and expectations, outperformed the stock market by 6.9%! And a Korn Ferry survey revealed that nearly 70% of executives endorsed the understanding that an organization's commitment to purpose-driven leadership greatly impacts the long-term financial benefits of an organization.

What may be the most important metric of all, however, is that leaders who lead with purpose-driven leadership are simply more effective. Purpose-driven leadership matters!

In our premiere, empirically-based leadership development program, [The Purpose-Driven Leadership Program](#), we walk through nine reasons why it is critical for leaders today to lead with purpose-driven leadership—with greater meaning and purpose. We highlight the top five in this whitepaper:

- It's a characteristic of self-actualized & highly successful people
- It's connected to life-satisfaction, well-being, & work engagement
- It's a critical component of talent management & retention
- It's key to productivity and financial success
- It positively impacts leadership effectiveness & engagement

If you think of your leadership and your life as a journey, then a journey without a destination, compass, and roadmap or some other guidance system is not really a journey at all. It's simply wandering.

**A higher purpose is not a leadership
luxury but a leadership
*prerequisite.***

NIKOLAOS DIMITRIADIS & ALEXANDROS PSYCHOGIOS

Neuroscience for Leaders: A brain-adaptive leadership approach

INSIDE-OUT

It's a characteristic of self-actualized & highly successful people.

Abraham Maslow, the father of Being Psychology, wrote (emphasis added), “Self-actualizing people are—**without one single exception**—involved in a cause outside their own skin, in something outside of themselves. They are devoted, working at something, something which is very precious to them—some calling it vocation in the old sense. They are working at something which fate has called them to somehow and which they work at and which they love, so that the work-joy dichotomy in them disappears.”

While self-actualized people are devoted to changing something outside of themselves, the drive and passion that fuels that comes from deep inside.

Meaning and purpose are also a key habit of Steven R. Covey's *The 7 Habits of Highly Effective People*. His Habit 2, Begin With the End in Mind, is focused on life purpose and developing a Life Mission Statement. Covey says we can use our imagination to develop a vision of what and who we want to become and to use our conscience to decide what principles and values will guide us. He calls them "true north" principles based on a character ethic.



Covey expands on this in his follow-up book, *The 8th Habit: From Effectiveness to Greatness*. The eighth habit is a new call to live from the **inside-out, rather**

than the outside-in. The eighth habit means to (emphasis in the original) “*Find Your Voice and Inspire Others to Find Theirs.*”

Instead of success stemming from personality, skills, techniques, a positive attitude, or the old carrot and stick paradigm of management and leadership, Covey contends (like Viktor Frankl and Maslow), that success is born from character and a unique personal significance, purpose, and meaning.

That doesn't mean that other factors don't matter; they do. It's just that they are not the prime drivers of success. This is consistent with modern psychology. It is internal motivation that drives commitment and is the means to increasing motivation and productivity; not external motivators, like bonuses or wellbeing programs. Those certainly help, but they are not the primary drivers.

This is what the most successful and self-actualized people and leaders do. They find and develop their own unique meaning and purpose and then live and lead by it. Having clarity of yours will lead to the highest levels of success and a profound sense of fulfillment.

Start with the end in mind.

STEPHEN R. COVEY

The 7 Habits of Highly Effective People

POSITIVE CONNECTIONS

It's connected to life-satisfaction, well-being, & work engagement.

The second reason to lead with purpose-driven leadership and with greater meaning and purpose, is that it simply helps us feel good in so many ways.

Having a calling is not restricted to professionals, leaders, or executives. For example, researcher and Associate Professor of Organizational Behavior at Yale University's School of Management, Amy Wrzesniewski, has interviewed hospital janitors who believe they have a calling. They see their work as more than just cleaning. For them it's about helping support and contributing to patients' healing.

She found that people who consider their work to be a calling—that they felt their work had meaning and purpose—tend to be more satisfied at work and engaged than those who think of their work as 'just a job.' She also found that they are more satisfied with their lives overall, not just at work.

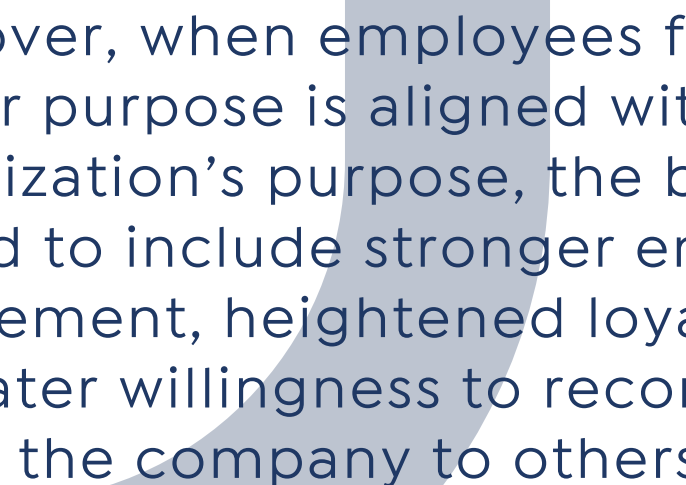
Great Place to Work, McKinsey, and others support her findings. They also have found that those organizations that prioritize purpose-driven leadership have higher engagement.



In addition, the research clearly shows that people who feel they live meaningful lives—who have a life purpose—have stronger personal relationships, fewer physical health problems, improved mental health, and overall healthier lifestyles.

Hundreds of scientific studies have firmly linked meaning in life to lesser suffering and greater wellbeing, both psychologically and physically. In fact, Ed Diener and Marty Seligman, prominent wellbeing and human flourishing researchers, consider meaning in life to be a fundamental cornerstone of happiness—or human flourishing—and the ‘best life’ people can attain.

The research also shows that not only does finding a sense of meaning and purpose in our work and in our life inform our goals and priorities, but it also shapes how we respond to life’s twists and turns. Leaders who lead with purpose-driven leadership help those around them connect their personal purpose to the team’s and organization’s purpose. Purpose-driven leadership matters!



Moreover, when employees feel that their purpose is aligned with the organization’s purpose, the benefits expand to include stronger employee engagement, heightened loyalty, and a greater willingness to recommend the company to others.

McKinsey & Company

TALENT & PEOPLE

It's a critical component of talent management & retention.

A 2019 BetterUp Labs report found that 90% of professional workers are willing to trade a percentage of their lifetime earnings for greater meaning at work.

Those professionals long for this meaning so much that the average respondent would be willing to trade 23% of their future earnings for it! Think about that. If an employee is making \$100K per year, that's \$23,000 they are willing to sacrifice for greater meaning and purpose at work! That's equivalent to or close to what a lot of people pay for housing per year!

Those who feel they are doing meaningful work report being happier in their position and more driven at work. They also found that employees who find their work highly meaningful, stay at their jobs longer than employees who find work lacking meaning. And, employees doing meaningful work put in an extra hour per week and take two fewer days of paid leave per year.

All of this led Alexi Robichaux, CEO of BetterUp Labs, to say, "More than ever, people are on the hunt for meaning and that includes at work, where more and more of our time is spent. To attract and retain top talent and achieve optimal productivity, companies must build greater meaning into the workplace."



PRODUCTIVITY & FINANCIAL SUCCESS

It's key to productivity and financial success.

The fourth reason to lead with purpose-driven leadership is that personal and organizational purpose are linked to greater productivity and financial success.

In a 2016 Korn Ferry survey of 1,045 executive leaders, the vast majority of executives indicated that a focus on both personal and organizational purpose is key to productivity and financial success.

Seventy-three percent of them reported that the primary driver at work for themselves was that their work has meaning and purpose (over financial rewards, status, and being a leader).

Nearly 70% also endorsed the understanding that an organization's commitment to purpose-driven leadership greatly impacts the long-term financial benefits of an organization.

Seventy percent of them reported that constituents embracing the mission/purpose of their organization greatly increases productivity. From the report, "In addition, every respondent reported seeing at least some degree of increased productivity when employees understand and embrace the mission and purpose of the organization, yet only half agreed to a great extent that their organizations engage their employees with purpose."

And, Harvard Business School found that companies whose employees feel a sense of purpose at work and believe their leaders set clear direction and expectation, outperform the stock market **by 6.9%** and even greater returns when middle managers and individual contributors experience purpose and clarity.



OVERALL LEADERSHIP EFFECTIVENESS

It positively impacts leadership effectiveness & engagement.

Probably the most important reason for leaders to lead with greater meaning and purpose is that it drives overall leadership effectiveness.

Kouzes and Posner compared leaders who had high clarity of their leadership philosophy with those who had low clarity of their leadership philosophy.

Those who rated themselves among the top 20% of leadership philosophy clarity scored 110% higher on pride in their organization, commitment to their organization's success, their willingness to work hard, and their overall effectiveness than those who are not very clear about their leadership philosophy.

What's really interesting about this study was what direct reports had to say. Direct reports who rate their leaders among the top 20% of leadership philosophy clarity then report about *themselves*:

- 130% higher on “feel a strong sense of team spirit”
- 122% higher on “proud to tell others I work for this organization”
- 126% higher on “clear about what is expected of me”
- 115% higher on “willingness to work harder and for longer hours if the job demanded it”
- 122% higher in “feeling like I am making a difference”
- 135% higher on “trust management”



Most importantly was what they had to say about their leaders. They rated their leader **140% higher** on “Overall, my supervisor is an effective leader”!

When we have a clear sense of purpose, it organizes and drives purposeful goals, helps us manage behaviors, and provides a sense of deeper meaning. It promotes greater goal commitment and engagement with our goals. It gives us a reason to get up in the morning.

When we believe in and act on something that gives us greater meaning and purpose in our lives, we simply try harder, work longer, are more creative, and produce better results, products, and outcomes. It also serves to bind others together in a higher, common cause and boosts engagement, connection, and team cohesion. It brings a sense of greater contribution and fulfillment.

Unfortunately, many leaders have not been given the skills, tools, and strategies to develop a leadership philosophy—much less discovered how to lead and live by one. Further, many leaders are not taught how to lead with purpose-driven leadership. They are missing a key, strategic and fundamental leadership competency that can not only transform their leadership, it can transform their lives, their teams, and their organization.

Leading with purpose-driven leadership is critical for leaders today.

Are you prepared right now to say
what your leadership philosophy is?
If you aren't, you should be.
If you are, you need to reaffirm it on a
daily basis.

JIM KOUZES & BARRY POSNER

The Leadership Challenge: How to make extraordinary things happen in organizations

TAKE ACTION

The Purpose-Driven Leadership Program

Are you ready to launch your leadership skills to new heights? The [Purpose-Driven Leadership Program](#) offers an unparalleled opportunity to skyrocket your leadership impact through two powerful, enriching, empirically-driven, engaging, and self-directed online courses.

In addition to top-notch materials and a world-class LMS platform, the program also includes an **online, private community for free** (a priceless value!) where you can network with like-minded leaders, share insights and tools, learn from each other, and build meaningful relationships.

And that's not all! Included with the program are once a month live, virtual networking and Q&A events with others enrolled in the program and hosted by your instructor and facilitator, Alan Mikolaj!

Enhance your learning journey with our Learning Pod/Team Discounts!

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ABOUT ALAN

Professional. Experienced. Positive. Passionate.

Alan A. Mikolaj is on a mission to partner with like-minded leaders who want to make a positive difference in the world. With his professional expertise, unwavering positivity, and passion, he serves as a sought-after speaker, expert in leadership and organizational development, change agent, author, and coach.

Alan holds his Master of Arts degree in Clinical Psychology from Sam Houston State University and he has been partnering with leaders from the frontline to the C-suite for over 15 years.

He is the author of three books and a contributing author in the 20th edition of *The Change: Insights into Self-Empowerment* book series by Jim Lutes and Jim Britt with a forward by Les Brown.

Continuously driven by his quest for knowledge, Alan remains a committed student of psychology, leadership, and personal and professional growth and development. Together with his wife and their twin boys, he resides in coastal southeast Texas near Houston.



Transformational change starts with a conversation!

Schedule your free, one-hour session by clicking here:

[Discovery Conversation with Alan](#)

Or call: 346-291-0216

Email: alan@alanmikolaj.com

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The Purpose-Driven Leadership Program



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