

Leadership for India Inc: Practical Concepts and Constructs
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Week - 10
Transformational Leadership Models - 2
Lecture - 49
Dependence - Independence Model

Hi Friends, welcome to the NPTEL course Leadership for India Inc: Practical Concepts and Constructs. We are in week 10 discussing Transformational Leadership Models part 2. In this lecture, we will focus on Dependence-Independence model.

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Effective Organizations

What makes some organizations supremely effective? This is a question that experts in organizational behaviour and strategic management have been grappling with in terms of multiple answers with less than optimal solutions.

Scientific Management School

Human Relations School

Organizational Behavioural School

Strategic Management School

Hawthorne Experiments

THE HUMAN SIDE OF ENTERPRISE

THE CORE COMPETENCE OF THE CORPORATION

COMPETITIVE STRATEGY: Techniques for Analyzing Industries and Competitors

Michael E. Porter

Most theories focus essentially on strong bonding between leaders and followers, amongst followers, within teams and between teams, across organizations. We also focus on vision, strategy and execution as a binding triad.



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What makes organization supremely effective? This is a question that experts in organizational behaviour and strategic management have been grappling with in terms of multiple answers with less than optimal solutions. We have traced several of the management thought processes that govern management and leadership over the last several decades.

Principally, we had four schools: scientific management school, human relations school, organizational behavioural school and strategic management school. Most theories focus essentially on strong bonding between leaders and followers, amongst followers, within

teams and between teams across organizations. We also focus on vision, strategy and execution as a binding triad.

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The Human Factors

The world has seen significant automation over the last two decades. The next two decades will be the age of artificial intelligence (AI). Post-Covid, dispersed and isolated but digitally connected work from home has become the norm. These trends raise some questions if organizations will be 'de-humanized' and 'de-personalized'.

Just as machines cannot replace people despite enormous strides in robotics and machine learning (because people are required to design, make and deploy such people-replacing machines), processes cannot replace people (because people are required to prescribe, understand and implement processes).

As organizations and corporations are made up of several hundreds and even several thousands of people, understanding people (and people dynamics) is the foundation of organizational effectiveness.

People can be understood through multiple attributes but the essential enigma is that every person experiences, all through his/her life, the very fundamental human paradox of wanting to be independent and dependent simultaneously.

From the time a baby is born, the paradox of dependence and independence, whether it is called 'dependent independence' or 'independent dependence' becomes explicit.

With age, education and experience, the paradox only becomes more complex with additional attributes and emotions getting embedded in human and organizational behaviour.

Organizational effectiveness can be defined through five fundamental human dimensions: Loyalty, Objectivity, Faith, Trust and Integrity. Together, the LOFTI Model of organizational Effectiveness.

However, over the last few years, there has been significant automation that has occurred. The next two decades will be the age of artificial intelligence which is expected to replace human thinking and human action in several aspects of our organization as well as personal life.

Post-covid, dispersed and isolated, but digitally connected workplace seems to have come through and for that either the home or anywhere else are the hubs. The new norm is expected to reduce the human touch in organizational interactions. These trends raise some questions if organizations will 'be de-humanized' and 'de-personalized'.

However, there are couple of things we must note. Just as machines cannot replace people despite enormous strides in robotics and machine learning because people are required to design, make and deploy such people replacing machines, processes also cannot replace people because people are required to prescribe, understand and implement processes.

Only the organizations will see a shift between the nature of work from mechanical to electronic from electronic to digital and from human thinking to artificial thinking. Yet

the human mind and human action would still be required in different areas of work compared to the previous areas of work.

As organizations and corporations are made up of several hundreds and even several thousands of people, understanding and people dynamics will continue to be the foundation of organizational effectiveness. Therefore, we must still continue our inquiry into what bonds people together, what bonds teams together and what bonds organizations as a whole.

People can be understood through multiple attributes, but the essential enigma is that every person experiences, all through his or her life, the very fundamental human paradox of wanting to be independent and dependent simultaneously. We briefly touched upon this concept in one of our earlier lectures. From the time a baby is born, the paradox of dependence and independence, whether it is called 'dependent independence' or 'independent dependence' becomes explicit.

With age, education and experience, the paradox only increases manifold, it becomes more complex because additional attributes and emotions get embedded in human and organizational behaviour.

Organizational effectiveness can be defined through five fundamental human dimensions: loyalty, objectivity, faith, trust and integrity. These simple terms which have complex ramifications are essential for understanding what makes humans and teams bond together, this I call the LOFTI model of organizational effectiveness.

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Dependence-Independence

The earlier lectures have focussed on the mutual dependence of leaders and followers to build effective organizational teams. We have also considered the key role of leaders in aligning organizations for shared vision, strategy and execution. We now consider the characteristic human dependence versus independence.

Leaders and followers, as human beings, are subject to a paradox of 'dependent independence' or 'independent dependence'.



Leaders can make themselves and their organizations supremely successful by following a five-factor LOFTI model that comprises loyalty, objectivity, faith, trust, and integrity.

Each of these five factors is mutually reinforcing—together, they represent the best competitive advantage an organization could ever have.

Mahatma Gandhi, the Father of India's Independence, is an unparalleled example of how the LOFTI model can help leaders and organizations surpass all hurdles and deliver outstanding success.

Loyalty
↓
Objectivity
↓
Faith
↓
Trust
↓
Integrity

The whole gamut of effective delivery by teams and organizations has become an increasingly complex mosaic that is increasingly fascinating but tantalizingly imperfect. The reason for the complex imperfection is rather simple.



If the earlier lectures have focused on the mutual dependence of leaders and followers to build effective organizational teams, in terms of leaders enabling the followers to get into leadership positions and the followers stepping up to move into leadership positions. In this lecture, we will consider the key role of leaders in aligning organizations for shared vision, strategy and execution through team bonding.

We now consider the characteristic human dependence versus independence. Leaders and followers as human beings are subject to a paradox of 'independent dependence' or 'dependent independence'. Leaders can make themselves and their organization supremely successful comprises loyalty, objectivity, faith, trust and integrity. Each of these five factors is mutually reinforcing together, they represent the best competitive advantage an organization could ever have.

Mahatma Gandhi, the father of India's independence, is an unparalleled example of how the LOFTI model can help leaders and organizations surpass all hurdles and deliver outstanding success. The whole gamut of effective delivery by teams and organizations has become an increasingly complex mosaic that is increasingly fascinating but tantalizingly imperfect. The reasons for the complex information are rather simple in their character.

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Dependence-Independence LOFTI Model of Leadership

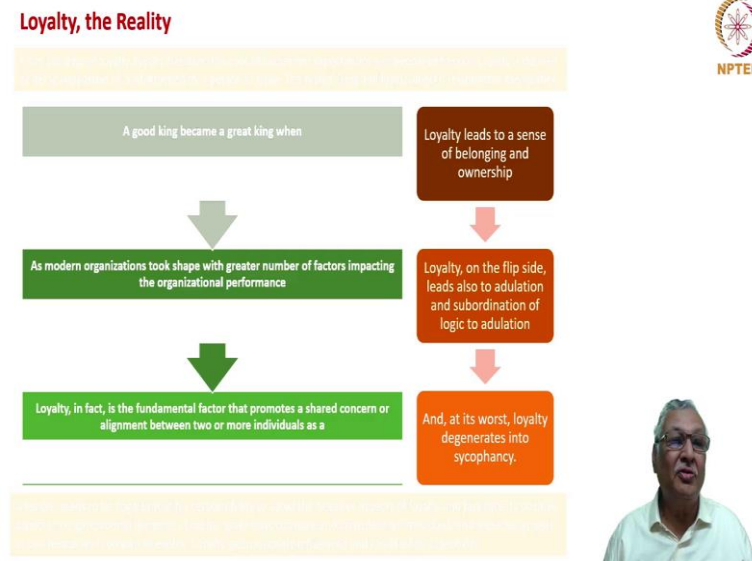


Let me first talk about the LOFTI model of dependence-independence. It comprises five factors as I said. Loyalty has to be to the multiple parameters of an organization's functioning and not necessarily only to the leader. Objectivity must be based on unbiased, logical and rational views. Faith must be there in every individual in oneself and also in the leader's ability to deliver and make the organization deliver.

There must be trust based on the sincerity, honesty and reliability of the leader. There must be integrity that is reflected by the leader and that permeates throughout the organization. Loyalty should not be to the individual, but it must be to the causes which the organization represents.

Objectivity must not be based on biases or prior thoughts; it must be based on data and it should be unbiased, logical and rational. Faith should be there in oneself and in the leader as well as in the organization. Trust must be based on sincerity, honesty and reliability and integrity must be reflected by the leader and must be present throughout the organization.

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The reality of loyalty: From the days of royalty, loyalty has been the core of leadership expectations and people behaviour. Loyalty is defined as being supportive of and attached to a person or issue. The typical king and loyal subject's relationship exemplifies. A good king became a great king, when the king also felt loyal towards his subjects and reciprocated their loyalty in thought at deed.

So, loyalty is not one-way street from the followers to the leader, it is also a two-way street including the leader being loyal to the followers. As modern organizations took shape with greater number of factors impacting the organization performance, loyalty has taken multiple hues besides loyalty to the leader; there is loyalty to ideology, loyalty to goals, nation, society and values for example.

Loyalty in fact, is the fundamental factor that promotes a shared concern or an alignment between two or more individuals as a partnership, team or organization. Loyalty leads to a sense of belonging and ownership. On the flip side, loyalty also leads to adulation and subordination of logic to adulation and at its worst, loyalty can degenerate into sycophancy. A leader needs to be cognizant of his responsibility to avoid the negative aspects of loyalty and facilitate its positive aspects in organizational dynamics.

Many times, loyalty can be misused not only by the followers, but also by the leader, sometimes consciously and many times unconsciously. Loyalty rarely stays constant and

consistent as individuals and societies as well as businesses and companies evolve. Loyalty gets positively influenced and modified by objectivity as we see later.

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Genuine Loyalty, the Features

Misplaced Loyalty

Blind Obedience

Abject Servility

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What are the facets of genuine loyalty? There are multiple features, at the same time loyalty that is misplaced can weaken the organization. Genuine loyalty helps the team stay together and meet challenges as one team. It strengthens the will and hands of the leader, builds routes for a long-term carrier in the company.

However, misplaced loyalty leads to blind obedience and abject servility. It is the responsibility of both the leader and follower groups to facilitate genuine loyalty and discourage blind loyalty, so that the organization benefits rather than suffers from loyalty.

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Genuine Versus Misplaced Loyalty

Genuine Versus Misplaced Loyalty	
Individual with Genuine Loyalty	Individual with Misplaced Loyalty



Let me compare genuine versus misplaced loyalty. These are all simple terms and terms which we use and here in a common manner. However, it is very important to understand the underlying concepts, understand the underlying drivers and make sure that we use those terms in our behavioural patterns, we use those behavioural patterns themselves in a proper manner.

So, an individual with genuine loyalty is compared with an individual with misplaced loyalty in this table. The former is more balanced, more focused on the company and the cause rather than on the boss. The individual is with misplaced loyalty in contrast is skewed; he is more focused on the boss rather than the company or the cause.

The former builds bond not only with the superiors, but also with the peers and subordinates whereas, the individual with misplaced loyalty divides the team vertically as boss follower versus others. The genuinely loyal individual develops roots with the company, individual stay on even if leaders change; develops roots with only the boss and such individuals with misplaced loyalty move with the leaders.

The individual with genuine loyalty acts as the confidant and alter ego of the leader, but in a positive sense. An individual with misplaced loyalty acts as an extra constitutional authority in the team. The genuinely loyal person tends to be self directed when required will not hesitate to advise the leader objectively. The individual with misplaced loyalty tends to lack initiative, looks for directives from the leader.

The former serves as a positive role model for the organization whereas, the later strikes as a negative role model. Being loyal is a human behavioural tendency as much as seeking loyalty is. It requires objectivity on the part of both the leader and the follower to identify and nurture genuine loyalty.

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Loyalty, Elusive but Real



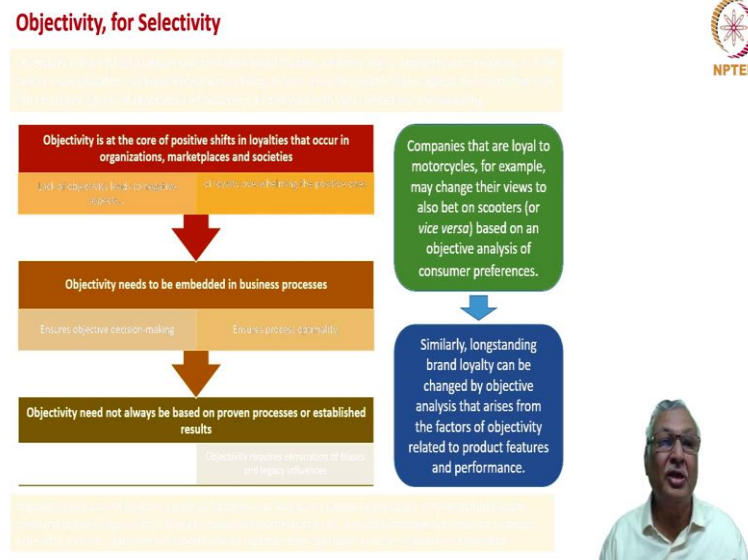
Loyalty is elusive but is real. It is very difficult to define loyalty in any quantitative term or even in a reflective term. It is reliable, real and tangible, however. The difficulty of description relates loyalty being multidimensional and explicit responses are not the real descriptors. Loyalty has multiple dimensions in terms of the following five factors, one leader.

Leader represents what the company stands for. Leader by visibility as well as by communication influence the employees. Hence, individuals tend to have loyalty to the leader. Individuals also tend to have loyalty to the organization because organization is the second home for any employee including the leader. Individuals tend to have loyalty to goals because goals represent the visible commitment of what the company will do for all its stakeholders, hence, loyalty to the goals.

Values constitute the non-negotiable foundations of a company. Values reflect on everything a company does. Hence, positive individuals have loyalty to the values and there could also be specific causes for which a company stands more often than not there will be a cause underlying each activity.

The cause is a combination of goals and values expressed with the leader style, hence, loyalty to the values. Every member of an organization must understand the true import of loyalty and the multiple dimensions on which it can get expressed and experienced as above.

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Let us look for objectivity. Objectivity is helpful for selectivity. Objectivity is the ability to take an unbiased view based on data, evidence, logic, rationality and reasoning. It is the faculty of an educated and experienced human being. It tests one’s inescapable biases against the inputs that arise from fact and figures of processes and outcomes.

All of these things are analyzed with logic, rationality and reasoning. Objectivity is at the core of positive shifts in loyalties that occur in organizations, marketplaces and societies. A customer may be loyal to a brand, but when the customer faces actual data based on the performance of the products or the word of mouth or the critical reviews by analysts, the loyalty could change.

Therefore, objectivity is at the core of positive shifts in loyalties that occur in organizations, marketplaces and societies. Lack of objectivity leads to negative aspects of loyalty overwhelming the positive ones. Objectivity needs to be embedded in business processes.

Mere analysis is not going to lead to objectivity; analysis is only one step of the process of arriving at objective decisions or objective analysis. It ensures objective decision making ensures process optimality if we understand the way objectivity has to be carried out. Objectivity need not always be based on proven processes or established results. It can also be embedded in thinking and planning process. It requires elimination of biases and legacy in influences.

Companies that are loyal to motorcycles for example, may change their views to also bet on scooters or vice versa based on an objective analysis of consumer preferences. Similarly, longstanding brand loyalty can be changed by objective analysis that arises from the factors of objectivity related to product features and performance.

Negative performance of products, people or businesses can lead to an objective re-evaluation of the established loyalty considerations and trigger shifts in allegiance based on hypothesis with reference to the future.

In political campaigns or corporate strategies, more often than not objectivity and expectations act together rather than solely as either objectivity or expectation, both are required. First expectations come in, then objectivity comes in to analyze the right path to be taken.

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Objectivity, the Features



Quest for
unavailable data

Elasticity of
timelines

Paralysis by
analysis



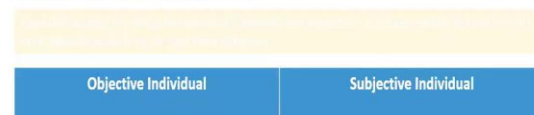
The features of objectivity are as follows: one freedom from bias and favoritism, consideration of both pros and cons, taking into account the views of all concern and taking into account all the data points which are relevant.

It extends not only to qualitative information, but also to abstract future as well, but there are certain over hands of objectivity also. We may try to go on drilling for unavailable data. There could be elasticity of timelines and there could also be paralysis by analysis while trying to be objective to the core, which is probably not feasible.

Being objective is often considered to be the preserve of knowledge seeking intellectual. However, it could be for the uninitiated as well, so long as one is willing to deploy common sense. Objectivity could very well come with common sense.

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Objectivity Versus Subjectivity



What is the difference between objectivity and subjectivity? Let us take the example of an objective individual and compare him or her with the subjective individual. Objective individual is influenced by logic, data and information that has credibility not any logic, any data or information that set of logic data and information must have credibility whereas, the subjective individual is influenced by personal feelings, opinions, taste and experiences.

Objective individual relies on multiple data points before making a decision, whereas the subjective individual relies on the most influential viewpoints that is he gets biased.

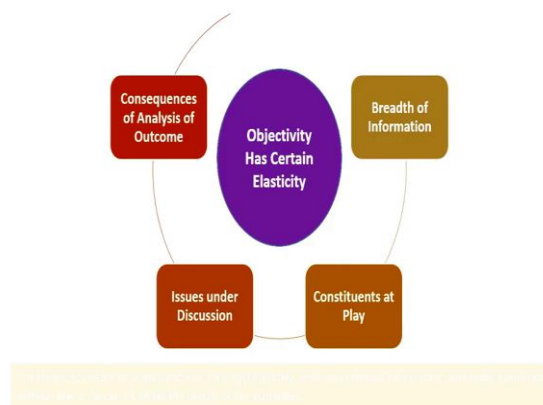
Objective individual is inclusive and deliberative in decision making. Subjective individual tends to be personalized and impulsive in decision making.

Objective individual is accountable to views, decisions and outcomes. Makes qualitative and perception-based decision making that is subjective individual for you. Objective individual has both strategic and tactical approaches in his functioning, whereas a subjective individual is more tactical in approach.

Objective individual like a genuine loyalty individual serves as a positive role model whereas, the subjective individual like a blind loyalty individual strikes as an opportunistic role model. Being objective is a more involve development of the human behaviour of making decisions based on inputs. Objectivity has become a management science of its own standing being both loyal and objective develops faith.

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Objectivity, Tangible but Elusive



Let us consider what faith is at a later stage, but before that objectivity is tangible, but elusive. I said that loyalty is a bit elusive to define, but it is real. Here, we say objectivity is very tangible, but elusive to really have it as the ultimate level of objectivity. It can be defined, but actually it could be less than tangible, this is because objectivity gets clouded by quantitative factors rather than by qualitative factors, this arises from the data-oriented approach of objectivity.

First, depth of information: data has no limits; it is always possible to seek deeply placed data in an elusive quest for objectivity. At the other end, the first data received could be wrong and stands for the seek out erroneous judgment of outcome could result. So, we could go wrong even having surfeit of data.

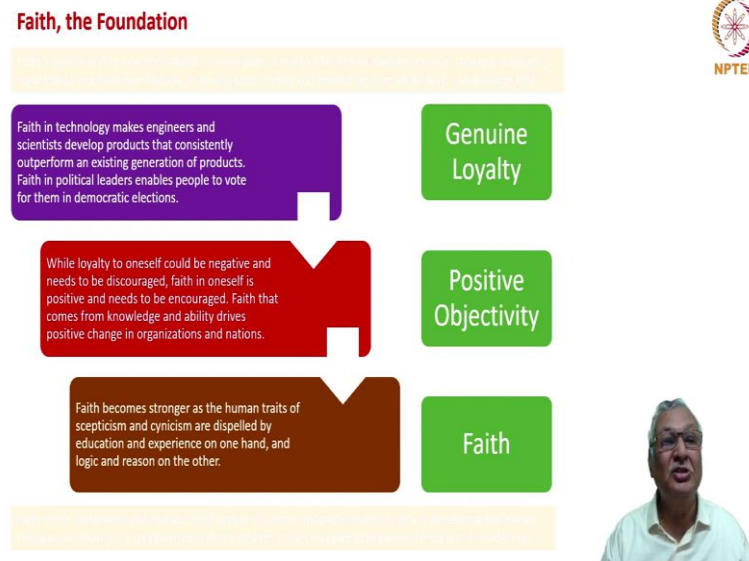
Second, breadth of information: Data could also be without boundaries. One may seek significant collateral data from related and unrelated areas leading to elusive quest again. At the other end, not looking at such data points could lead to incorrect evaluations. Constituents at play, the more players at play could also mean the objectivity could be influenced by multiple viewpoints.

Hierarchy, formal and informal exercise of power could influence objectivity and the issues under discussion themselves would impact analysis of objectivity. Issues that look frivolous may have deep import while seemingly complex issues could have simple facts at the core. Objectivity may be affected significantly, if the issues are not properly understood.

Consequences of analysis of outcome: People who need to be objective may allow subjectivity to seep in based on the perceived impact of the evaluation outcome, what would happen if my objective analysis says that the leader's decision is wrong. So, people think about the consequence of pronouncing their objective judgement rather than the necessity of pronouncing the objective judgement that is the issue.

It is always advisable to understand the issue appropriately, seek only relevant information and make evaluation without fear or favor of either the people, the processes or the outcomes.

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I said that loyalty together with objectivity makes for faith and faith is the foundation of human relationships of positive nature. Faith is one's belief in a person's ability or knowledge.

It is also a belief that a leader, mission, strategy, ideology or organization would deliver. Despite or arising from loyalty and despite benefiting from objectivity, one could develop faith that is loyalty and objective could together lead to faith or without really having loyalty or without having objectivity, one could still develop faith.

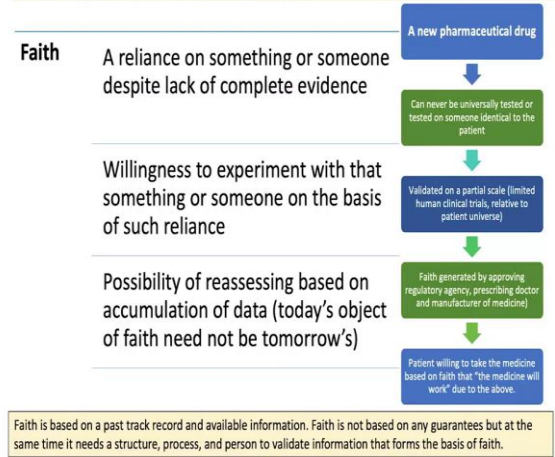
Faith in technology makes engineers and scientist develop products that consistently outperform an existing generation of products. Faith in political leaders enables people to vote for them in democratic elections. While loyalty in oneself could be negative and needs to be discouraged, faith in oneself is positive and needs to be encouraged. Faith that comes from knowledge and ability drives positive change in organizations and nations.

Faith becomes stronger as the human traits of scepticism and cynicism are dispelled by education and experience on one-hand and logic and reason on the other. If you have genuine loyalty and if that is fortified by positive objectivity, you would have faith. Faith in the capabilities and aspirations of people of a nation, motivate leaders to aim at developing economies into super economies a transformation that is evident in the resurgent aspirations of India and its leadership

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Faith, the Features

Faith is seen as a matter of personal belief. Faith in the business context is, however, a perception that establishes and strengthens business relationships, internally within a firm and externally with all its stakeholders.



What are the features of faith? Faith is often seen as a matter of personal belief. However, faith in the business context is a perception that establishes and strengthens business relationships, internally within a firm and externally with all its stakeholders. Faith is therefore, a reliance on something or someone despite lack of complete evidence.

Willingness to experiment with that something or someone on the basis of such reliance; Possibility of reassessing based on accumulation of data; today's subject of faith need not be tomorrow subject of faith. Let us take the example of a new pharmaceutical drug. A new drug can never be trusted universally that is on all the patients nor can it be tested on a patient who is exactly identical to the patient to whom it is proposed to be administered over at 10 year or 20-year period, it is impossible.

It can only be validated on a partial scale limited human trials, relative to the huge patient universe. Faith generated by approving regulatory agency, prescribing doctor and manufacturer of medicine is the one which underscores the prescription of the drug as well as the consumption of the drug.

Patient is willing to take the medicine based on the faith that the medicine will work due to the above. Faith is based on a past track record and available information. Faith is not based on any guarantees, but at the same time it needs a structure, process and person to validate information that forms the basis of faith.

In an earlier lecture, I said that the pharmaceutical product is probably the only product, which is taken on faith. The faith that it has been designed and developed and manufactured appropriately, a faith that it has been tested, clinically validated and approved with rigor and the faith that the doctor knows which body types, which disease types will require which type of medicine.

It is the only product which cannot be physically seen in terms of its features or actions. Therefore, faith is an important aspect of human life and it is more applicable for certain circumstances and certain individuals and certain happenings relative to others.

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Faith Versus Blind Faith

Faith Versus Blind Faith	
Faith	Blind Faith



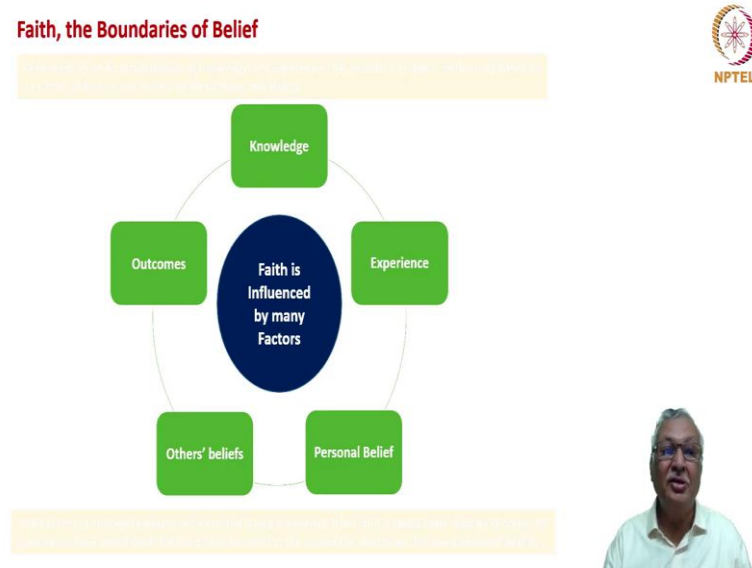
There is faith as also there is blind faith, just as there is genuine loyalty and there is blind loyalty. Again, as with the other factor's, faith cannot be allowed to degenerate into blind faith, while faith may show a positive path forward based on some evidence and analysis. Blind faith may lead to a negative path as the individual is unable to recognize or is willing to override evidence, let us compare faith and blind faith.

Faith is based on partial positive evidence; blind faith ignores even negative evidence. Positive faith supports many positive traits such as commitment, dedication and passion, blind faith triggers many negative traits such as obduracy and rigidity. Faith is personalized, but often shared with others; blind faith is also personalized, but highly demonstrative. You would like to wear your faith on your shoulder.

Does not get easily shaken, but open to reassessment that is proper faith for you, blind faith is not open to feedback or course correction. Faith is relational in approach whereas, blind faith even more highly relational in approach. Faith supports a positive role model; blind faith strikes as a non-evidence based negative model.

Having faith in the components of one's ecosystem is fundamental to a stable and positive approach to work, as faith is open to evidence on expectations and outcomes, faith supports the factors of loyalty and objectivity.

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Faith is circumscribed by the boundaries of belief. Faith tends to be an accumulation of knowledge and experience that an individual gains. Faith varies based on a number of factors not merely confined to these two factors.

Knowledge, experience, personal belief, other's beliefs and outcomes are some of the factors. Knowledge sets the bounds for rationality for faith. Knowledge could be about persons, events, expectations and anything else, it sets the foundation for faith. Experience reinforces or weakens the foundation of faith. The individual must have the objectivity to assess free of bias, all the five enablers of faith.

Personal belief, individuals are bound to have personal beliefs while objectivity corrects or eliminates bias that bias would inherently exist in every individual, it cannot be denied, objectivity is the key. Others believes, while individuals with objectivity can

certainly overcome their individual bias, other peoples bias does influence the level of faith and finally, outcomes.

The outcomes of leadership and individual action serve to reinforce or shake the faith one has. While faith as a concept requires consistent and durable presence, blind faith is clearly undesirable. Studies of corporate governance have established that blind faith has been at the core of the distortion that were executed willfully that is people have blind faith that the leader is supreme and whatever the leader is doing is the right things.

Therefore, several acts of corporate misgovernance were knowingly or unknowingly committed by people who had blind faith on the leaders. Therefore, faith has to be objectively developed and objectively relied upon.

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The slide features a yellow header with the text "Trust and Teams" in red. Below the header is a graphic consisting of two interlocking L-shaped blocks, one in gold and one in red. Underneath this is a horizontal sequence of four blue arrows pointing to the right, each containing a white square. At the bottom of the slide is another yellow bar with the text "Trust and Teams" in red. On the right side of the slide, there is a circular logo with a star-like pattern and the text "NPTEL" below it. In the bottom right corner, there is a small video feed of a man with glasses and a light blue shirt speaking.

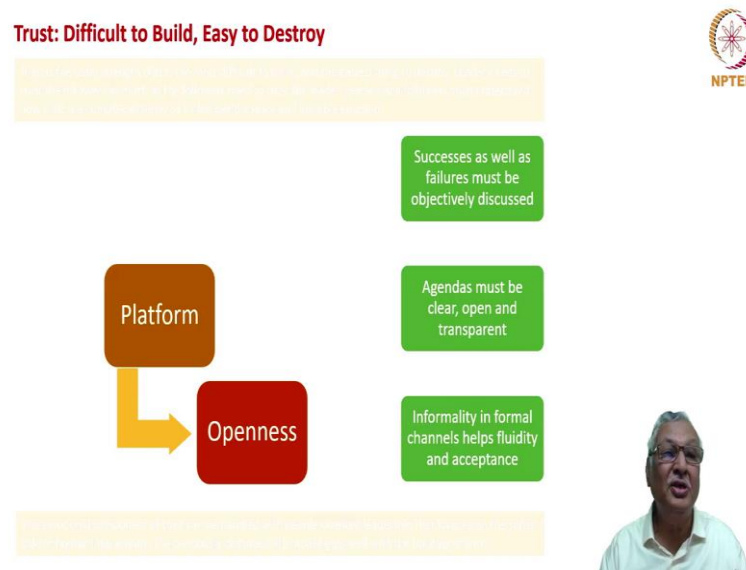
Trust and teams: trust develops with experience of proven outcomes. Trust develops with credibility. Constitution of a team in terms of its members and the leader needs to be based on trust rather than expediency. Trust based teams and organizations bond better and they deliver better. Trust that is based on genuine loyalty, clear objectivity and proven faith becomes unshakable.

Trust is the glue that holds individuals in teams and teams in organizations together. Loyalty, objectivity, faith and trust, we have covered four factors which are extremely

important in building a team that is strong. Trust is based on ability, reinforced by performance and underscored by reliability.

When an organization operates in a culture of trust, the leader understands that he or she is placed in a position of trust and the team members as well as the leaders in the broader organization trust each other that is how trust works with the teams and within the teams.

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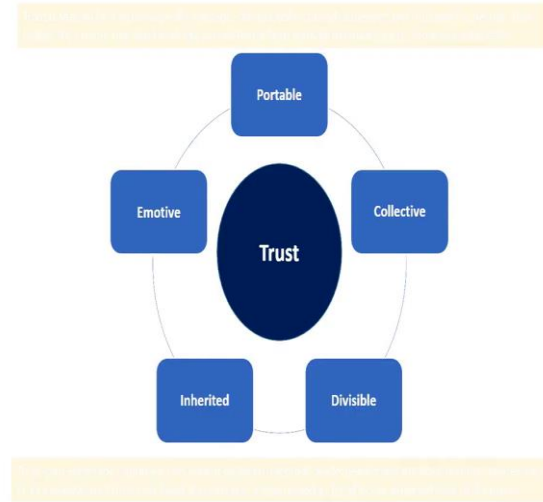
Trust is very difficult to build, but very easy to destroy. It is the team strength that is the most difficult to build and the easiest thing to destroy. Leaders need to trust the followers as much as the followers need to trust the leader. They must understand how trust is a complex alchemy of visible performance and invisible emotion.

We should have clarity, who the stakeholders are must be clearly known. We should know the platform that is the platform interactions for assessing trust. Openness, there should be openness in discussions and evaluations. Trust gets developed when successes and failures are both equally analyzed, and both objectively analyzed.

Agendas must be clear, open and transparent. Informality in formal channels helps fluidity and acceptance. The emotional component of trust can be handled with people-oriented leadership that focuses on the softer side of human interactions, is the previously discussed alignment, influencing and directing model goes well with the building of trust.

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Trust, Almost a Brand



Trust is almost a brand for a person as well as for a company. It may be seen to be person specific concept for example, a trusted lieutenant and a trustworthy person, but trust is also like a brand that stays with the person that is built through assiduous work. Some characteristics, trust is portable. An individual or leader trusted in one environment could be seen as trustworthy even when moved to another environment until evidence moves onto the contrary.

Trust is collective, sometimes a group of individuals enjoy greater trust than each of them individually that is they work, they coalesce and they perform better as a team and people have greater trust in the team as a whole than on individuals of the team separately. This explains why a group of executives moves together and or is welcomed with greater trust.

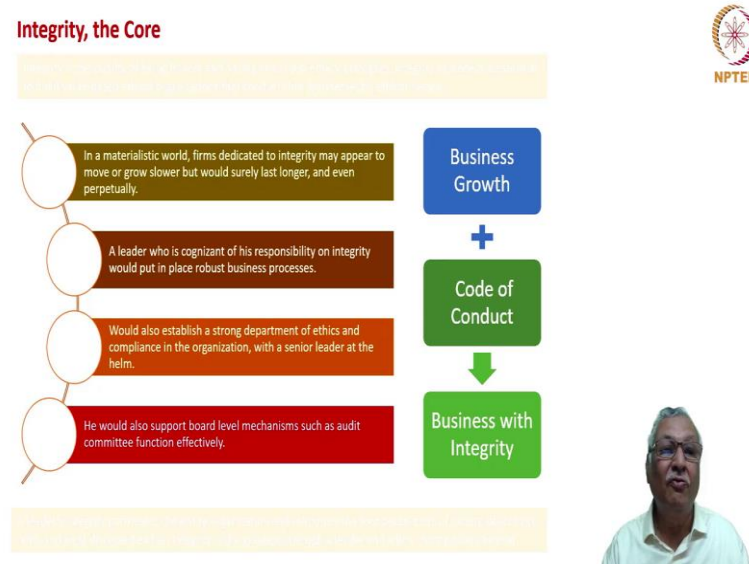
Divisible, taking off from the earlier two points when individuals move out of a trusted team, the level of trust may decrease, stay the same or in some cases even increase. Trust is inherited, trust is also inherited from the larger organization or the corporation almost like corporate brand rubbing off on the individual product brand. For example, a banker operating in a systems driven bank evokes greater trust.

Trust is emotive, while trust is built through a number of quantitative measures; it is also built through continuous relational assurance between individuals. Trust is an extremely important component of leader-member, leader-leader and member-member interactions

in an organization. Trust is the bond that cements a team together for effective organizational performance. In fact, trust underscores every decision we take in the ultimate analysis.

The trust may be based on proper analysis of the loyalty, objectivity and faith factors or probably could be lacking, but trust as understood by an individual is the basic pivot for decision-making by an individual and so is it for a corporation that is why there is great importance for the concept of trust to be highly refined in an individual or in an organization and explored and utilized to the maximum.

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Integrity that is the core: Integrity is the quality of being honest and having moral and ethical principles. Integrity in leaders is essential to build value based ethical organizations that conduct their businesses by ethical means. In a materialistic world, firms dedicated to integrity may appear to move or grow slower, but would surely last longer and even perpetually.

A leader who is cognizant of his responsibility on integrity would put in place robust business processes; would also establish a strong department of ethics and compliance in the organization, with a senior leader at the helm. He would also support board level mechanisms such as audit committee function effectively.

Business growth with code of conduct will lead to business with integrity. A leader's integrity permeates the entire organization and reinforces the four parameters of loyalty, objectively, faith and trust discussed earlier. Integrity is the greatest strength a leader a firm must possess forever.

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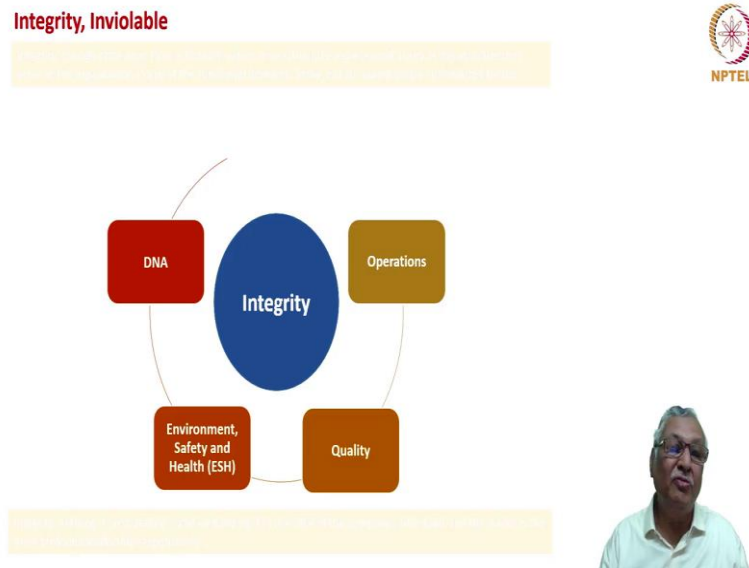


Integrity and ethics are closely allied as concepts to the extent of being almost the same. Ethics some view constitute a broader framework of external principles and values which are given an internal expression as a code of integrity by which the organization and its individual must function. An ethical compass is an inviolable guide.

I have taken a view in this course elsewhere that ethics is even broader than integrity; it is it sets standards beyond what a company would put in place as a code of conduct or a code of integrity. So, integrity and ethic should be seen together, one reinforcing the other. Integrity and ethics could be operational in human relations, business transactions, wealth generation and distribution, organizational accountability, environment safety and health responsibility, follower and leader behaviour.

So, if you have an ethical compass in an organization and it is buttressed by a code of conduct at the operational level, you have gold standard organizations in terms of ethics and integrity. It is important for an organization to lay down the principles of ethics and integrity in a highly visible manner and insist on compliance by all employees and stakeholders unequivocally.

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Integrity is inviolable. Integrity though often seen from a financial prism may actually be experienced in any of the activities that occur in the organization in any of the functional domains, some not all examples are summarized below. Financial of course, is the first touch point or even the concluding touch point of integrity.

Financial operations and results represent the final translation of the bona fide or mala fide transactions. Some mala fide transactions may be concealed and need to be uncovered with appropriate audit and even forensic expertise.

Operations, while operational malfeasance is detected as above careless and coalesce operations are also similar to lack of integrity. It is tantamount to lack of professional integrity in operations.

Quality is other aspect of integrity. The vigilance on quality is one of the most important aspects of integrity. A leader or a follower, who is derelict of his or her responsibility towards quality, clearly reflects lack of integrity.

If you do not have top quality in your organization, if you pass components that do not meet standards, you are not having the highest level of integrity and it could even boomerang at some point of time with products coming back and the organization having to pay very high price for that recall.

Then, we have environment, safety and health. More than anything else compliance to ESH practices must be the behavioural underpinning of every individual leader. Floating of ESH standards by any individual or leader and or leader's inability or diffidence with respect to ESH is tantamount of flouting of integrity.

While integrity is expressed through many aspects only a few of which could be considered here, the only when integrity becomes supreme is by embedding it in the professional DNA of the company, the leader and the individuals. Defining integrity, articulating integrity and embedding it in the DNA of the company, individuals and the leader is the most profound leadership responsibility.

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The best rule book is leading by integrity. Leading by integrity would require understanding and assimilating the best practices of ethics and compliance and integrating them in the company's rule book. Corporate governance and ethical behaviour are closely related. Exemplar leadership includes and covers corporate governance, code of business conduct, ethics and compliance, audit and accountability.

Board of Directors at the very top, the executive organization including the CEO and the CXO's must work together to have appropriate checks and balances to make sure that the rule book is functioning the way it must. Ensuring ethical integrity requires continued vigilance whether a company is task oriented, or people oriented in extremes or a hybrid a tight system of corporate and business governance is mandatory.

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The LOFTI Model - 1

LOFTI Model - Loyalty, Objectivity, Faith, Trust and Integrity



The success of India's independence movement under the leadership of Mahatma Gandhi is a classic example of the LOFTI model that transcends all hurdles and delivers success.

Mahatma Gandhi's preaching and leadership reinforced loyalty of the people to 'Bharat Mata' (Mother India) and to the spirit of independence, overriding all fissiparous tendencies and efforts.

Although there were somewhat more aggressive and ambitious leadership models seeking independence, people were objective in determining who could be, and who would be, the real and enduring 'Jaati Pita' (Father of the Nation).

LOFTI Model - Loyalty, Objectivity, Faith, Trust and Integrity



So, let us look at the LOFTI model. LOFTI model as I said covers loyalty, objectivity, faith, trust and integrity. Leaders and their organizations need to understand the human dynamics that determine an organizations effectiveness. The history of successful leaders teaches us that even under debilitating circumstances marked by heterogeneity and exploitation, the LOFTI model can deliver results.

Otherwise, Mahatma Gandhi would not have been able to take India's independence movement to its logical conclusion. Through his leadership which was nothing but loyalty, objectivity, faith, trust and integrity model that he could transcend all hurdles and deliver success. His preaching and leadership reinforced loyalty of the people to Bharat Mata, Mother India and to the spirit of independence, overriding all fissiparous tendencies and efforts.

Although there were somewhat more aggressive and ambitious leadership models seeking independence, people were objective in determining who could be and who would be the real and enduring father of the nation 'Jaati Pita'. What were the visible factors of the LOFTI model of Mahatma Gandhi? Simple and humble life; working for and with people, nonviolence movement, fasting for causes, forsaking of foreign goods.

The many sacrifices and struggles led by Mahatma Gandhi reinforced trust in every individual Indian that the entire Indian population is prepared for sacrifices that would

obtain for the nation her independence. Above all his unmatched integrity in all his thoughts, expressions and deeds made Mahatma Gandhi a leader beyond compare.

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The LOFTI Model - 2

Faith in Leader
The people developed a faith not only on Mahatma Gandhi as the leader of independence movement but also on themselves as capable of being the integral part of his independence movement.

Integrity in Action
Individual and community responses to Mahatma's calls, be it in the form of non-violent marches, fasts, salt 'satyagraha', forsaking of foreign goods or khadi movement, reinforced trust.

Trust in Leader
Despite lack of modern methods of communication, millions of population across the vast country could perceive and follow Mahatma Gandhi as their trusted leader.

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Another aspect of the LOFTI model; leaders who walk the talk and make personal sacrifices in furtherance of the cause they expose are spontaneously and universally recognized as leaders who can be trusted to lead. Mahatma Gandhi exemplified the LOFTI model of leadership.

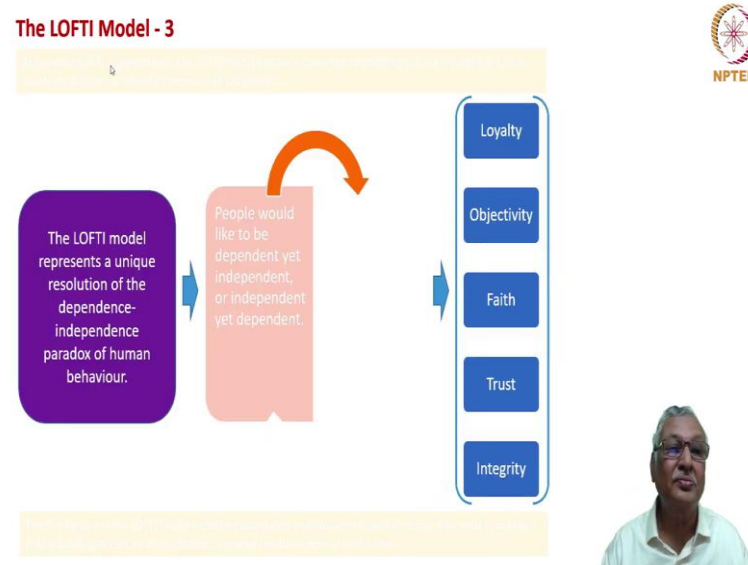
The people developed faith on Mahatma Gandhi not just because of his being the leader of independence movement, but they developed faith on themselves as well. They felt that they are capable of being the integral part of his independence movement. Individual and community responses to Mahatma's calls be it in the form of non-violent marches, fasts, salt satyagraha, forsaking of foreign goods or khadi movement, reinforced trust.

Despite lack of modern methods of communication, millions of population across the vast country could perceive and follow Mahatma Gandhi as their trusted leader. So, how did it happen? Because of the faith in the leader, they could see the integrity in action and that developed trust in the leader.

Mahatma Gandhi's trust in his people and his methods of peace and harmony were objectively visible. The entire Indian population was spontaneously prepared for sacrifices that would obtain rational independence. So, there was a two-way trust from

Mahatma Gandhi onto the Indian people and from the Indian population towards Mahatma Gandhi that is the LOFTI model in functioning.

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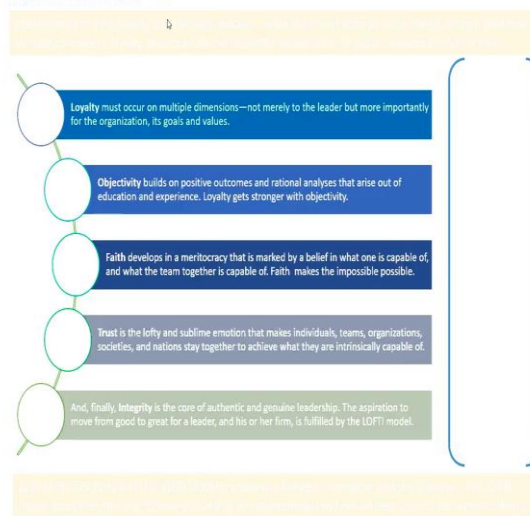
At a micro level in organizations, the LOFTI model presents a winning combination of the five simple emotions that are universally present in all individuals that is a person would like to be loyal, a person would like to be objective, he wants to be strengthened by having faith, he wants to trust others and be trusted, he wants to be a man or a person of integrity.

So, these are all the basic good emotions of an individual. The LOFTI model presents a winning combination of these positive emotions. It is a unique resolution of the dependence-independence paradox of human behaviour. People would like to be dependent yet independent or independent yet dependent; the paradox of dependent-independence or independent-dependence is resolved by these factors.

The five factors of the LOFTI model must be appreciated and observed together rather than each an isolation. Role modeling occurs when all the factors are in mutual reinforcement of each other.

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The LOFTI Model - 4



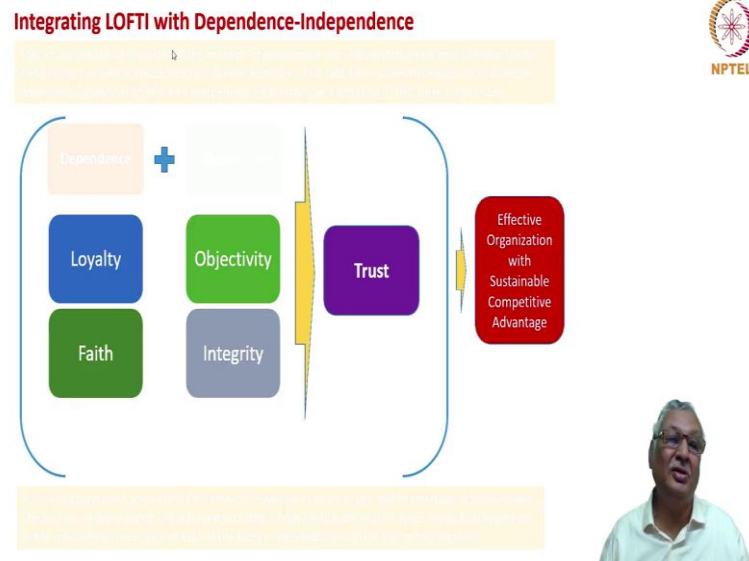
We should treat loyalty as a two-way process while they must draw as much energy as they need from the team member's loyalty, the leaders also must earn loyalty through their thoughts, expressions and actions. Loyalty must occur on multiple dimensions not merely to the leader, but more importantly for the organization, its goals and values and also to the genuine causes which the leader represents.

Objectivity builds on the positive outcomes and rational analysis that arise out of education and experience. Loyalty gets stronger with objectivity. Faith develops essentially in a meritocracy that is marked by a belief in what one is capable of and what the team together is capable of.

Faith makes the impossible possible. Trust is the lofty and sublime emotion that makes individuals, teams, organizations, societies and nations stay together to achieve what they are intrinsically capable of.

And finally, integrity is the core of authentic or genuine leadership. The aspiration to move from good to great for a leader and for his or her firm is fulfilled by the LOFTI model. Each of the five factors of the LOFTI model are two-way between the leader and the followers. The LOFTI leader recognizes this and focuses on building an organizational, cultural system that supports them.

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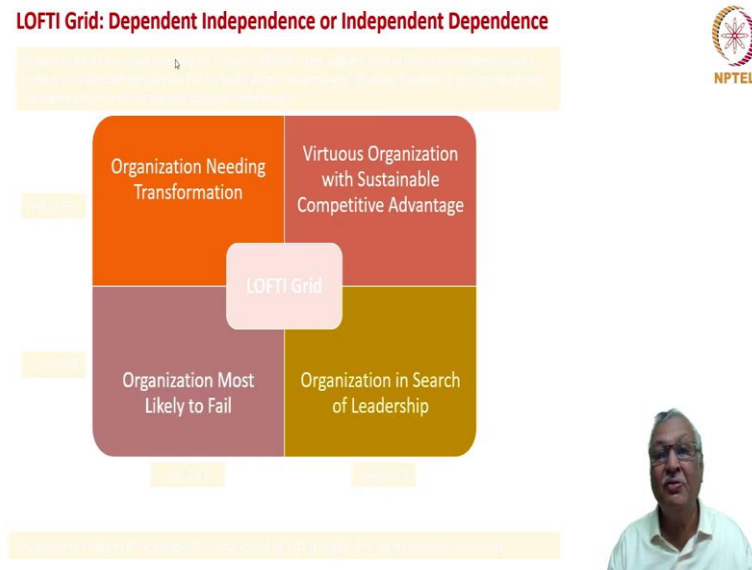
How do we integrate LOFTI with dependence-independence paradigm? We started this lecture explaining the concepts of dependence and independence that exist between leaders and followers as natural concomitants of human behaviour. That said, there is need to express the balance of dependence which is loyalty and faith with independence that is objectivity and integrity so, the trust is maximized.

You can see this equation out of the five factors I mentioned loyalty, objectivity, faith, trust and integrity. The balance of dependence and independence is caused by loyalty and faith on one-hand influencing dependence and objectivity and integrity on the other hand influencing independence and if the balance is absolutely excellent, then the trust is maximized.

So, dependence plus independence leads to trust and effective organization with sustainable competitive advantage is a natural result of such balanced dependent-independence or independent-dependence marked by trust. As can be appreciated, each of the five factors is important in its own right and has multiple sub-dimensions.

We have to make sure that the balance of dependence and independence is such that it is explicit as well as implicit in this model in action, it is as important as the overarching importance of each of the factors individually and all the five factors being together and being important collectively, this we need to keep in mind.

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What is the LOFTI grid? It is a grid of dependent-independence or independent-dependence. While it is an aspirational goal, it is quite difficult to get uniform level of dependence-independence balance as expressed through the LOFTI model. We get there with lot of experience, intuition and wisdom. We had to get it nevertheless across hierarchy and functions.

It is important to get this balance right, also because organizational health is dependent on the smooth functioning of the LOFTI balance. So, we can say that followers have low LOFTI level or high LOFTI level.

Similarly, leaders may have low LOFTI level or high LOFTI level. If followers and leaders belong to the low-low category, the organization is most likely to fail. If the followers are having high LOFTI levels, but leaders have low LOFTI levels, the organization will be in search of leadership that can take the organization forward.

If the followers have low LOFTI and leaders have high LOFTI, organization needs transformation and if both the followers and leaders have high LOFTI, it is a virtuous organization with sustainable competitive advantage. Dependence-independence aspects as expressed by the LOFTI model is a highly relevant construct therefore, for organizations.

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To Sum UP



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If we wish to sum up this particular part, leadership has the responsibility to appreciate the human prevarications of dependence and independence and develop a reinforced approach of dependent independence or independent dependence based on the LOFTI model.

Dependence could be in terms of functions and people, independence could be in terms of individuality and rationality and dependent-independence would be in terms of alignment and inclusiveness, it is a highly relevant construct which we could develop in our organizations.

Thank you. With this, we come to the end of this lecture; we will meet in the forthcoming lecture.