Course No. 303. ORGANISATIONAL EFFECTIVENESS AND CHANGE

An Overview of Concepts of Organizational Change Effectiveness and Development; Skills of Change agent. Organizational Climate and Culture; Power and Politics. The process of Empowerment. Organizational Learning; Creativity and innovation; Conflict and Negotiations; Intergroup Behaviour and Collaboration; Business Ethics and Corporate Governance; Management of Gender Issues; Cross-Cultural Dynamics.

CONCEPTS OF ORGANIZATIONAL CHANGE EFFECTIVENESS

Introduction

The Magnitude of Change

The disruptive impact of major change on colleges and universities is less avoidable today than it was in the past. The pace of change experienced by higher education institutions was slow enough to accommodate the application of traditional administrative approaches to managing the process of organizational change. In recent years, however, college and university administrators have found they are less able to respond effectively as the volume, momentum, and complexity of changes have accelerated. Previous administrative experiences of a simpler era no longer provide an adequate guide to the organizational challenges being currently experienced by their institutions. Programs of graduate study in higher education administration and management development programs provide little, if any, training in the knowledge, skills, methods or techniques essential for administrators to lead an effective process of organizational change. For organizational change to be successful, administrators need to demonstrate the ability to understand the dynamics of the change process, the human response to change, and the determinants of a successful change process.

The Dynamics of Organizational Change

What is “Change”? In today’s world, the word “change” is used so much that its meaning has been confused and diminished. Anything new and novel that appears on the horizon is labeled change.

Described simply, a change is a shift in some condition or situation from its present state to a new and different state. A change can range from minor shifts in procedures or technology to a revolutionary shift in roles within a society. The word “change” is often used to refer both to a shift that occurs in the organization’s external environment, as well as the changes that occur inside of the organization in response to shifts in its external environment. In this paper, the term, environmental change, will refer to external shifts and the word organizational change will refer to the internal shifts made by an organization as it responds to external shifts.

The degree to which change represents a shift also poses another definitional issue. Both incremental change and transformational (i.e., revolutionary) changes do take place in the real world. The major difference between the two lies in the depth of the change. Incremental changes generally affect only a particular part of the organization, or, if it is organization-wide, require no alteration in the organization’s existing culture and core values. In contrast, transformational changes affect all parts and levels of the organization. It is a change of sufficient magnitude that it requires change in not only the established behaviors of people within the organization, but also the organization’s basic core values and culture. Organizations undergoing a transformation change, therefore, must look at changes taking place at multiple levels of the organization and across all groups. To successfully make such a change, the change process must be designed and implemented in a coordinated fashion if the result is to be thoroughly integrated into the organization’s on-going activities.

The uses of the words “change” and “transition” interchangeably also creates confusion. Although the words “change” and “transition” are synonymous to many people, they represent two very different processes. As described above, change is a shift in the external environment or in a set of circumstances. Transition, however, is the psychological process an individual goes through in adapting to the change itself.

The Process of Change.

In his classic model of change, Kurt Lewins (1958) described the change process of an organizational system such as a college or university as a series of transitions between three different states: unfreezing-transition-refreezing. Still considered one of the most accurate descriptions of how change occurs (Kelley and Conner, 1979; Kezar, 2001; Schein, 2002), the model describes change as a series of transitions between different states. No change will occur unless the system is unfrozen, and no change will last unless the system is refrozen. Most theories of change tend to focus only on the middle state and therefore cannot explain the inability of change initiatives to produce change in the first place, or to maintain the changes that have been achieved.

Unfreezing state: The initial state of the system reflects a condition of relative stability. When a disruptive force affects the status quo, people are motivated to discontinue some aspect of their behavior. Their established frames of reference, accepted patterns of behavior and old methods of operation are invalidated. Unfreezing invalidates established frames of reference and accepted patterns of behavior. Old methods and behaviors become inoperative. This in turn generates tension, ambiguity, and confusion as to what is appropriate. People feel a high need for a new operating framework. The confusion that results from their inability to understand and control the environment produces stressful situations and a need to reduce the anxiety. People have a desire to seek out, process and utilize information to create a new state of stability. They are eager to do whatever is necessary to regain some sense of control. These unpleasant aspects of the unfreezing state make it possible for new learning to occur.

The present state reflects the current condition of relative stability or the status quo. Unless this state is modified by a disruptive force, it will continue indefinitely. When the status quo is disrupted, it “unfreezes” the present state. This unfreezing from the present state to a state of transition occurs when people are motivated to discontinue some aspects of their behavior.
Unfreezing, the most difficult and important stage in the change process, creates the motivation to change. This is accomplished by changing the forces acting on the system such that the present state is somehow disconfirmed, some anxiety or guilt is aroused because some goals will not be met or standard or ideals will not be maintained and enough “psychological safety” is provided to make it unnecessary for individuals or groups to psychologically defend themselves because the disconfirming information is too threatening or the anxiety or guilt is too high.

How the unfreezing occurs will vary with the circumstances. Often administrators find change easy to manage because they encounter a system that is already unfrozen. For example, the new president of an institution that knows it is in great economic difficulty unless it changes has a much easier time making changes than the visionary president who tries to initiate change in a successful institution. Systems can exist in a partially unfrozen state because they received disconfirming information at some earlier time in their history, but they will not have changed because there was not enough psychological safety to allow the individual or group to consciously accept the necessity of change at that time. Organizations described as being “ready to change” often have had strong disconfirmation in the past, but have not felt secure enough to do something about their situation.

What unfreezing does is to motivate the individuals or groups to look for new solutions that will bring things back into equilibrium and that will once again produce confirming information that things are “okay”. Because they are uncomfortable, people are more likely to pay attention to information, ideas, suggestions, or even directives that were previously ignored. Once unfrozen, people become active problem solvers and motivated to change.

Transition state: The transition state represents a phase of the change process when people are no longer acting as they used to, neither are they set in a new behavior pattern. It is a “fluid” state in that the motivation to change has disrupted the present equilibrium, but the desired state has not yet been formed. The motivation to change has disrupted the system’s present equilibrium, but the desired state has not yet been formed. Confusion results from the inability of people to understand and control the environment producing stressful situations. Tension is generated because people have a need for a new operating framework of behavior. The need to reduce anxiety promotes a powerful desire for seeking out, processing and utilizing information to create a new state of stability or revert to the old state. When people without a sense of equilibrium are uncomfortable, they are eager to do whatever is necessary to regain it. These unpleasant aspects of the transition state make it possible for new learning to occur if planned.

The transition state embodies danger and opportunity for the person or organization involved. One of the consistent findings about the change process is that there is initially a decrease in an organization’s performance during the transition as the change is implemented into the ongoing activities of the organization (Fullan, 2001). This “implementation dip” represents not only a drop in performance, but also the uncertainty of individuals within the organization as they encounter unfamiliar situations that require new skills and knowledge. Successfully working through the implementation dip, therefore, requires administrators and other change leaders to not panic when things do not go smoothly during this phase of the change process. Effective leaders recognize that change is a process, not an event, and show empathy towards individuals who display anxiety, confusion and uncertainty during the transition portion of the change process.

Refreezing state: At some point, the uncertainty of the transition state, in conjunction with the need for stability, begins a process of stabilizing and integrating the change. This process of learning new behavior patterns is called refreezing.

Once the person or group has achieved a new set of cognitions and attitudes, and has begun to express these in new daily behavior, there remains the state of refreezing. For the new behaviors to last, they must first fit into the personality of the individual and the culture of the organization that is being changed. Otherwise, the behavior will be only a temporary adaptation to the pressure of the change situation and will erode once the change agent has ceased to disconfirm the old behavior. Refreezing at this level can be thought of as “personal integration.” Even if such personal integration has taken place, new behaviors may not remain stable unless they also fit into the ongoing relationships and the work context of the person or group that has changed. If the unfreezing and transition states are well planned and managed, the result of the refreezing process is the desired state. If the first states are, however, not handled appropriately, the people and the organization will refreeze, but not necessarily in the desired state.

Change as a Perpetual Process.

The model of change described above depicts a set of stages that imply a kind of orderly chronological progression. In reality, organizations are constantly bombarded by various kinds of unfreezing forces and experiencing the new confirmations or disconfirmations that will determine what gets refrozen. For an organization to successfully respond to these forces, organizational change must be seen as a perpetual process that can be analyzed into discrete stages only for purposes of planning a specific change initiative. Once into the change process, leaders of the change process must work simultaneously on all the stages, re-conceptualizing what is going on as new information surfaces and discovering areas of the organization that are not unfrozen.

Critical Aspects of Impact.

The impact of change on an organization is manifested in multiple ways. There are various aspects that are impacted in organizational change. These are as follows:

- **Amount** – The number of alterations required by the change.
- **Scope** – The range or span of the organization affected by the change.
- **Time** – The amount of time the participants have to implement the change.
- **Transferability** – The degree to which the change is easy to communicate and will be understood by participants.
- **Predictability** – How well the participants can accurately anticipate the effect of the change on them.
- **Ability** – The degree to which change targets feel they have or can attain the knowledge and skill necessary to implement the change.
The Importance of the Human Element

Roles in the Organizational Change Process

During any organizational change process, four roles are essential to the success of the change process. These are the change sponsor, the change agent, the change advocate, and the change participant.

- **Change Sponsor** – A sponsor is the individual (or group) with the power to determine that change will occur. They are responsible for introducing the change and legitimizing it by using their organizational power and influence to legitimize the change. In most institutions, a change sponsor is usually performed by executive or upper administration.

- **Change Agent** – An agent is the individual (or group) responsible for seeing that a previously determined change occurs. They design and implement or help to implement the change. The role of change agent is normally performed by middle or lower level administration.

- **Change Advocate** – An advocate is the individual (or group) who want to achieve a change but lacks the power to sanction it and require support from the appropriate sponsor who can approve the change. Any individual within an organization who has a good idea and the ability to communicate it can be a change advocate.

- **Change Participant** – A participant is an individual (or group) who, as a result of the change, will alter their knowledge, skills, attitudes, or behavior. These people are the focus of the change effort and must be educated to understand the changes they are expected to accommodate. Typically, they are part of a workgroup. In a change project, change agents assist them in adapting to the change. All roles act interdependently in all three states (unfreezing, transition, refreezing) of the change process, but certain roles are more critical at specific states of a change project. Without the power and influence of change sponsors to unfreeze the status quo and effectively oversee the implementation of the change process, the likelihood of change is extremely low. Change agents demonstrate their greatest contribution by serving as planners, diagnosticians, implementers, translators, ombudsmen, coaches, and negotiators among sponsors and participants during the transition phase. Change advocates help sponsors understand the implications and importance of the change. Change participants determine whether or not the intended modification of knowledge, skill attitudes, or behavior actually occurs during the refreezing phase.

When an organization is involved in a major organizational change that significantly disrupts the standard activities and behavior of organizational participants, high levels of commitment from all four roles are essential. The importance of commitment is not only limited to the role of participants. Sponsors, even though they legitimize a change, and agents, even though they implement it, may develop serious doubts about the change once the process is underway. Lack of commitment from any of the change participants raises serious questions about the durability of the change.

The Human Element in Organizational Change

The Importance of the Human Element

Most projects designed to change the organization are initiated with minimal attention given to the human aspects of change and to the resistance which generally occurs during the actual implementation. Administrators display little understanding about the critical role that the human element plays in influencing the orderly transition phase of a change effort. Typically, they focused on the operational and technical aspects of accomplishing change within their institutions. Focusing on fulfilling traditional administrative functions, they use the common management approach of “tell and sell” to implementing change (Fossum, 1989, p. 3).

When confronted with the uncertainty caused by change, most people attempt to maintain a sense of control over their lives. This sense of control is created when people feel they understand their environment and can adapt to it as changes occur. This understanding derives from an individual's frame of reference (or perceptual schema of reality) that allows one to interpret and understand what is occurring in the present and what to expect in the future.

When change disturbs an individual's pattern of expectations of the future, uncertainty increases and disrupts the individual's sense of control. If the change is minor (one which does not significantly threaten expectations) the individual makes psychological adjustments to his or her expectations and adapts to the change. If the change is major (one which causes old expectations to become invalid) individuals react with feelings of uncertainty, disorientation, confusion, and loss of equilibrium. These feelings result from inconsistencies between what was expected and what is perceived. Individuals no longer know what to expect from themselves or others. Major change in an organization that results in a disruption of expectations of its members always causes a level of crisis. Human beings, and consequently their organizations, exhibit certain limits to the amount of change that they can assimilate over a given period of time. Beyond these limits, individuals can no longer effectively adapt to change within their organization. Healthy coping behaviors are replaced with dysfunctional behaviors (e.g., increased anxiety, confusion, miscommunication, low morale, defensiveness,
and territoriality) that prevent the adoption of the new behaviors required by the change. To avoid these symptoms, administrators responsible for the implementation of major organizational change need to know what impact change efforts will have on those individuals or groups who need to alter their knowledge, skills, attitudes, and behavior to accommodate the change.

The Psychological Nature of Change

Human beings experience change when they are faced with a situation that they perceive is beyond their current capabilities. To deal with the situations they normally encountered, human beings have to believe that they have the capability to deal with it. The capability of individuals to deal with change consists of not only having the ability to deal with the change, but also the willingness to apply that ability while understanding both the risk and opportunity the change poses. Most individuals develop the abilities and willingness to use them in solving the challenges they have previously encountered successfully. They do not see these challenges as representing any significant change in their lives because they are usually able to accurately predict what the outcome of a situation will be. Their expectations of the outcome are upset, however, when they encounter a challenge that they perceive as beyond their capabilities. The resulting disruption in the balance between their perception of their capabilities and the demands of the challenge encountered represents the discomfort posed by change.

An individual’s perception of a change situation determines whether resistance will occur. The same situation can be perceived as a positive change by one person and a negative change by another. The perception of whether individuals perceive a change as positive or negative depends not only on the difference in how people perceive the nature of eventual outcome of the change, but also the degree of influence and control people believe they have in determining the outcome. Persons are more comfortable with change when they not only possess the ability and willingness to change, but also from the degree they feel able to predict and control it. Individuals perceive change as negative when they are unable to anticipate it, dislike its implications and feel inadequately prepared for its effects.

Change is considered minor when it does not significantly disrupt what people anticipate will happen. In such circumstances, they simply adapt to the change by making minor adjustments in their expectations and readily lose any feeling of minor stress that initially appeared. When a change is major, however, people’s expectations are no longer valid and they believe they have lost control over some important aspect of their lives. A feeling of being in their comfort zone disappears to be replaced by their experiencing confusion, anxiety, fear, anger and a loss of emotional equilibrium.

Before planning (or even contemplating) an organizational change project, change sponsors and agents should try to systematically anticipate participants’ perceptions and identify who might resist the change and why. Some common categories of reasons people resist change are:

- A desire not to lose something of value
- Misunderstanding of the change and its implications
- Belief that the change doesn’t make sense for the organization
- A low tolerance for change

The Emotional Response of Change

Persons leading a change effort need to understand what to expect at the emotional level of the change experience and the psychological phases people must go through to adapt successfully to changes affecting their work patterns. Emotional responses of participants typically accompany major institutional change and affect acceptance of that change. These responses develop as the “emotional cycle of change” that consists of predictable phases (Kelley and Conner, 1980). Understanding the emotional cycle process allows individuals leading the change project to interpret and deal with current behavior of those affected by the change and to help them to develop more realistic expectations of the change’s outcome.

When these phases are ignored or not taken seriously, resistance to change usually increases. Change projects are not likely to be successful when participants only understand what to expect in terms of the project’s goals and rewards. It is also important to prepare those affected by the change for any emotional shifts that might occur in themselves or others because of the project.

During the change process, the emotional responses of change participants shift from feelings and attitudes of the certainty of success in the early stages to satisfaction at the project’s completion. When an individual becomes voluntarily involved in the significant change activity or project, the level of positive feeling (optimism) concerning that venture is often directly related to the person’s expectations of what will be involved. Although individuals may become pessimistic about their ability or willingness to accomplish the task, the more they learn about what is involved in the project the more likely they are to eventually come to accept and support it.

Positive response to change - As persons make the transition from the state of “unfreezing” to the state of “refreezing”, persons who have a positive response to the change typically go through the following five emotional phases.

- **Uninformed optimism**. At the beginning of a change project, there is frequently a “honeymoon period.” Hopes and optimism are high among the individuals involved. It appears that all the major obstacles have been identified and planned for. Feelings are running high and morale is at a peak.

- **Informed pessimism**. When the change project has developed further, problems increasingly surface. Few solutions are apparent or available. The project may seem unattainable or unrealistic. Morale drops, and people ask themselves why they ever got involved or thought they could accomplish the change project in the first place.
**Hopeful realism.** Participants in change usually begin to perceive the project differently in this phase, and pessimism declines. They begin to feel a sense of realistic hope based on solid reality testing and develop a new confidence in their capability to handle whatever new problems may surface.

**Informed optimism.** During this phase, optimism continues to develop, based on the growing confidence in self and project. Typically there is a fresh burst of energy linked to overcoming problems and uncertainty and sensing that completion is near.

**Rewarding completion.** Once a successful change has been made, the experience processed, and the project formally closed, participants experience a sense of satisfaction.

**Negative response to change.** Persons who have a negative response to the change experience a different cycle of eight emotional phases. These phases are:

- **Stability.** The announcement of the change has not occurred yet. The status-quo is representative of the state of the organization.
- **Immobilization:** The initial reaction to the announcement of the change is shock. The change is so alien to the participant’s frame of reference that he or she is often unable to relate what is happening, resulting in temporary confusion or complete disorientation.
- **Denial:** The participant is unable to assimilate new information regarding the change into his or her frame of reference. Information related to the change is often rejected or ignored. The common reactions are: “It won’t last. It won’t affect me” or “If I ignore it, it will go away”.
- **Anger:** The individual exhibits frustration, hurt, and, at times, irrational, indiscriminate lashing out at those in close proximity. These emotions may be directed at individuals who are the friends, family and colleagues who are blamed, criticized and treated with hostility.
- **Bargaining:** To avoid the negative impact of the change, participants begin to negotiate. Bargaining can take many forms including extension of deadlines, reassignments, exception from the change, etc. This phase is the beginning of acceptance because the participant recognizes that he or she can no longer avoid confronting the change.
- **Depression:** In this phase, participants normally respond with feelings of resignation to failure, and being victimized. They display a lack of emotional and physical energy. There is also a general disengagement from one’s work. Although unpleasant, depression represents a step in the acceptance process as the full impact of the change is being finally acknowledged.
- **Testing:** Participants begin to regain a sense of control by freeing themselves of feelings of depression and victimization. The new limitations posed by the changes are acknowledged and ways are explored to redefine goals that will make it possible for them to succeed within the new framework represented by the change.
- **Acceptance:** The change is now responded to realistically. While the participants may not still fully like the change, they are more grounded and productive within the new context.

Working through the phases with both participants who respond negatively and participants who respond positively requires time and energy. Those leading the change project need to provide the appropriate support at each phase if participants are to be able to successfully pass through each phase. Not to do so results in people getting stuck at one or more phases. Dysfunctional behavior then escalates which can consume even more time and jeopardize the success of the change project.

**Resistance to Change.**

Organizational change would be relatively simple if it could be limited to machines or physical facilities. In reality, however, major organizational changes always require people to modify their behavior. Adding this human factor increases the complexity of the change process significantly. The difficulty is the fact that most change initiatives ignore the influence the human element has on a project's success. Many change efforts, however, are seen as totally unacceptable and resisted by the people involved.

Resistance accompanies any major change regardless of whether the change is self-initiated or initiated by others. Whenever, people’s expectations are significantly disrupted, the end result is resistance. All change disrupts the single, fixed reality that is created by a person’s frames of reference. People’s frames of reference allow them to interpret the fluctuating, changing stimuli of the outside world and create some perception of reality they need to maintain the psychological equilibrium needed to function. Change disrupts those frames of reference and creates a sufficient discrepancy between what is anticipated to happen and what actually happens. The greater the uncertainty of what could occur and the longer this discrepancy occurs, the greater the ambiguity and the loss of control felt by people. As the familiar becomes increasingly irrelevant, people are more likely to either overtly or covertly resist the proposed change.

Resistance is the human reaction that opposes any disruption in the status quo that results in a sense that control is lost. Regardless of whether the change is perceived positively or negatively, resistance is a natural reaction. The major problem is not resistance itself, but the inability of leaders responsible for the change to anticipate resistance, understand its dynamics, and respond effectively. Most administrators tend to become overly involved in technical components of a change project (charts, dates, outcomes, etc.) and neglect the human aspects (feelings, attitudes, communication gaps, relationships, etc.)

**The Participant’s Perceptions of the Impact of Change.** Regardless of the administration’s assessment of objective reality, the impact of any proposed change on participants within the organization is a function of their perceptions of how the change will affect them in their work environment. For this reason, their perceptions of a change may vary markedly from the perception of the college administration.

Due to this variation in perspectives, it is sometimes easy to underestimate the participants' negative perceptions of change. For example, the installation of a new information technology system may appear very beneficial to the senior members of a college or unive-
Society because it will ultimately allow quicker and wider access to information. On the other hand, the staff – the participants – may resist the change because they will have to learn to use new, complex software and develop a new set of technical skills.

It is also possible to overestimate participants' positive perceptions of a change. Even though participants appear to be initially pleased with the change, they may have second thoughts once all implications of the change are understood. For best results, therefore, leaders of change projects should early in the planning process assess the impact of change from the viewpoint of the individuals being affected by it. (See the section entitled “Critical Aspects of Impact” for factors impacting an organizational change.)

**Determinants of Successful Change**

There are four major determinants governing the successful implementation of a change project: the readiness of the organization, an implementation plan, building commitment to the change, and the skills to carry out the plan. Because these four factors function together, a weakness in any one can greatly decrease the potential for successful change.

**A Well Designed Implementation Plan**

A well-constructed implementation plan is a second major determinant of successful organizational change. Administrators and institutional leaders often neglect to establish a systematic process they can follow when implementing organizational change. This results in critical design issues, organizational impacts and implementation details being often overlooked. As a result, the entire change effort is ineffectively implemented.

There are a number of model processes described in the literature for planning and implementing change in organizations. Although all of these recommended processes no doubt contain some valuable ideas, many are either vague or overly complex in describing what administrators need to do to implement a change effort within their institutions. More significantly, many are contradictory in the steps necessary to successful implement change.

**At a minimum, it should identify the following:**

- Goals to be achieved and the means for measuring their accomplishment.
- Clearly defined sponsors, agents, advocates and participant populations.
- Specific actions which will accomplish the unfreezing, transition, and the refreezing phases.
- Strategies for addressing readiness issues (i.e., organizational culture and emotional impact), managing conflict, and maximizing commitment.
- Communication methods, sources of power, and styles of influence to be used.
- Resources and their availability.

The process illustrated synthesizes the major steps suggested by a number of the models of the organizational change process found in the literature. It consists of four major steps: creating a shared vision of the change, designing the future state resulting from the change, planning the change and the transition, and implementing and making the appropriate corrective adjustments to keep the change effort on-course. Because the organizational change and transition process is dynamic in nature, the process incorporates the key tasks required for administrators to lead change while providing a framework for administrators leading the change effort to understand their roles and responsibilities during the process.

**Step 1. Creation of a vision of the change:** The first step requires building commitment of participants to a compelling vision of the future if the change occurred. It is critical at this step for organizational leaders to both envision and sell the change within the institution and to develop the structure and strategy for implementing it. Whether the need for change originates externally or internally, the people asked to change often have questions about the reasons they need to change and how the change will make the organization more efficient or effective.

**Step 2. Design of the future state:** The second step in the process involves translating the vision for the future state into operational terms. People affected by the change will want to know what will be new and changed and how they will be expected to operate once the change has been done. In this step, the current state will be analyzed to determine the implications for the future, options for the future state will be explored and a detailed blueprint for the changed organization will be completed. In this step, individuals responsible for leading the change process decide how work will be accomplished, how information will flow, and how people will interact as the change is put into place.

**Step 3. Plan for the change and the transition:** This step, the third in the process, requires planning the change (how the organization will make the change itself) and planning the transition (how it will get its people through the transition necessary for coming to terms with the change). An active and participatory planning approach should be used to plan the change. People who will be implementing the change should examine the design to determine its impact on the organization and to develop the activities needed to implement and align parts of the organization. This section of the overall implementation plan should identify who needs to do what, when they need to do it, and what resources will be needed to put the design and alignment decisions into actions. The plan of the transition deals with the human element of change. In this section of the implementation plan, the individuals leading the change effort (i.e., sponsors, agents, advocates) outline the specific steps and activities and schedules by which the change participants will receive the information, training and support needed to make the transition successful.

**Step 4. Implementation and adjustment:** Implementation involves providing ongoing vision, keeping plans on schedule, troubleshooting, and continually attending to and supporting the individuals leading the change effort as it gets underway. To effectively implement a change and transition plan, change leaders also need to build in ways to monitor the progress of the plan and the impact on the people affected. This allows them to take appropriate corrective action before problems cause the change effort to stray off-course. It also
enables the organization to identify early successes that, if celebrated, serve to motivate and reinforce new behaviors. It is also important at this stage of the process to re-examine the impact of the change on the organization’s systems and take steps to establish long-term strategies to align systems with the change.

In addition, the design of implementation plans must be appropriate to the level of disruption associated with the change being initiated. In order to do so, the “impact factor” or potentially debilitating effect of a specific change on an individual participant or group of participants needs to be determined. Changes having high impact entail greater risk of implementation failure than do those having low impact. Attachment B lists critical variables, which can be assessed to measure the impact of change on the participants in an organizational change effort.

**Readiness of the Organization’s Culture.**

Organizational readiness refers to an organization's ability and willingness to accomplish a specific change. It is the degree of the strength of the organization’s culture that affects the ability of participants to make the necessary transition through the emotional impacts caused by the change. To be truly institutionalized and integrated into the organization’s life, change must occur at the deepest level of the organization, its culture.

Organizational culture is the basic pattern of shared beliefs, behaviors, and assumptions acquired or learned over time by members of an organization. It occurs in both conscious ways (i.e., stated goals, statements of institutional philosophy, policy and procedure manuals) and unconscious ways (i.e., informal ground rules, unofficial guidelines, “the way things are done around here.”)

Although not always readily apparent, culture is a very powerful force in guiding organizational members’ day-to-day behavior. Culture serves as a predictable guide to appropriate behavior for members of the organization. It often serves as a powerful means for defining, justifying, and reinforcing its operations. As such, it is resistant to change and requires significant time and resources to be modified.

Integration of a specific change into the institution’s ongoing activities may not be effective because the culture that has been effective in supporting the institution’s past success may not support the changes needed for the institution to achieve success in the future. It’s not that change initiatives are ignored as much as that they just don’t make sense to people when viewed from the old cultural perspectives. Whenever there is a discrepancy between culture and change, culture always wins.

An institution’s culture is always an issue, therefore, a major organizational initiative requires a major shift in the way administrators, and faculty and staff operate. Most major organizational changes are likely to require some realignment of the culture when the changes caused by initiatives are implemented.

**Commitment to the Organizational Change.** Commitment building is the third determinant of successful change implementation. The level of commitment demonstrated by participants toward a change is a critical variable in the adaptation process. It provides the critical bond between people and the change goals.

To achieve real change, each member of the organization, functional area, and the organization as a whole must go through a process leading to an informed, effective and aligned commitment to the desired changes and the desired outcomes.

As the work environment of participants becomes more complex, organizational change requires more from participants than just learning to adjust. For organizational change to be effectively integrated into the daily operations of the institution, participants must come to believe in the change and commit themselves to its full implementation. A person is said to be committed to a specific outcome when he or she pursues that goal in a consistent fashion with the passing of time and in varying situations. The committed person rejects behavior that has immediate benefits if it is not consistent with a strategy. In this regard, the central question for persons managing the change effort becomes, "Is there enough commitment to implement the changes I am responsible for and to assure successful achievement of the intended goals?" Administrators involved in organizational change activities must know what it is, what must be done to prepare for it, how it is developed, and how it can be lost.

One of the most important issues that must be dealt with in implementing organizational change is how to build sufficient commitment that sustains the change through the implementation into the ongoing life of the organization. The lack of commitment on the part of people is one of the most prevalent factors which contribute to failed change projects (Conner, 1992).

Commitment is a powerful but little understood phenomenon. People are considered to be committed to a specific outcome when they pursue a goal or specific behavior in a consistent fashion. Over time and in varying situations, the committed person persists in activity that will help achieve the desired change and rejects courses of action that are not consistent with a goal of the change.

**The process of commitment:** The process for achieving commitment to an organizational change is shown. For lasting commitment to evolve, the process must be viewed from a developmental perspective. It consists of various phases each of which includes stages that advance the commitment to the building process. Each stage represents critical junctures where the outcome can either threaten or facilitate the necessary degree of support for the change to advance participants’ commitment to the next level.

The three phases of the commitment process are preparation, acceptance, and commitment. The preparation phase represents the point in the process where participants encounter and become aware that a change is a possibility. The acceptance phase consists of participants making some judgment about the change or forming some disposition (i.e., “good” vs. “bad”) toward the change. The commitment phase also consists of the change demonstrating its worth over time and being incorporated in on-going activities of the organization to the degree that it is congruent with the interests, goals and values of organization and the people within it. Successfully completing each stage increases the degree of support for the change. For example, awareness results from successful contact. Understanding must occur before a positive perception can be produced. Short cuts to achieving a high degree of commitment do not exist. Each stage of the process depends on the successful completion of prior stages. If it is desired that the participants’ level of commit-
ment reach that of institutionalization and internalization, then implementation plans and the behavior of both sponsors and agents
must be consistent with the stages of the model.
The phases and stages described below represent the degrees of support for an organizational change.

- **Preparation Phase**
  - **Stage I - Contact**: The earliest encounter a person has with the fact that change has or may take place. Outcomes for the contact stage
    are either unawareness, which reduces the probability that adequate preparation for commitment will occur, or awareness which advances
    the preparation process.
  - **Stage II - Awareness of Change**: The person knows that a change is being contemplated. Outcomes for the awareness stage are either
    confusion, which diminishes adequate preparation, or understanding, which advances the process to the acceptance stage.

- **Acceptance Phase**
  - **Stage III - Understanding**: The person demonstrates some degree of comprehension of the nature and intent of the change. Outcomes
    for the understanding stage are negative perception that decreases the level of support and provides the first opportunity for resistance
    or positive perception which increases the support for and acceptance of the change.
  - **Stage IV Positive Perception**: The person develops a positive view and disposition toward the change. Outcomes for the positive-perception
    stage are a decision either to not attempt or support installation of the change, or to install and utilize the change.

- **Commitment Phase**
  - **Stage V Installation**: The change is implemented and becomes operational. Outcomes for the installation stage are that the change
    is either aborted after initial utilization or adopted which indicates the long term use of the change.
  - **Stage VI Adoption**: The change has been utilized long enough to demonstrate worth and a visible positive impact. Outcomes for the
    adoption stage are that the change is either aborted after extensive utilization or institutionalized which represents the highest level of
    organizational commitment possible.
  - **Stage VII Institutionalization**: The change has a long history of worth, durability and continuity, and has been formally incorporated into
    the routine operating procedures of the organization.
  - **Stage VIII Internalization**: Organizational members are highly committed to change because it is congruent with their personal interests,
    goals or value system.

The commitment model has many implications for those involved in designing and implementing significant changes within their organization.
Commitment is expensive and time consuming. Building commitment is a developmental process, but critical to the eventual success of a change project. Many writers admonish leaders of organizational change to either build commitment or prepare for the consequences of failure.

**Implementation Skills.**

The fourth major determinant of successful organization change is the implementation skills of the sponsors, agents, advocates, and participants. The effectiveness of even the most comprehensive implementation plan depends on those who enact it. Rather than relying totally on experts to deal with change problems, training all levels of administration - particularly those in top-level administration positions - in the concepts and skills of implementing organizational change is generally necessary and a major factor in the eventual success of the project. Administrators leading a change initiative need not be experts in the change field, but they should be capable of diagnosing the need for change, communicating the need and vision for the change, and designing intervention strategies to implement changes with minimum resistance and maximum support. Specifically, they need a level of knowledge and skills in the following areas:

- How to manage change effectively.
- How people change and resist change.
- How to diagnose an organization’s readiness for change.
- How to design change plans.

While these skills are useful for all three roles (i.e. change sponsor, change agent, change advocate) to demonstrate, those listed below are the basic skill areas most consultants indicate as the most critical for successful organizational change efforts.

- **Effective communication.** – The skill area relates to the ability and willingness of leaders of organizational change to use effective communication methods. In order for sponsors, agents, advocates and participants to work together to bring about successful change, they must communicate effectively. The literature is replete with methods that enhance communication. To make this description more manageable, only the four basic skills related to communication are described. The first skill concerns the ability and willingness to define clearly and agree on change goals and to acknowledge the interdependence of the sponsors, agents and targets in achieving these goals. The next skill is the ability and willingness to communicate effectively with directness, with low distortion of information, and with high congruence between actions and words. In addition, there is the skill of ability and willingness to listen actively to both facts and feelings expressed during the change process. Finally, regardless of role, individuals need the ability and willingness to communicate in a manner that generates trust and credibility.

- **Appreciating and understanding diverse viewpoints.** - As important as effective communication is, something more must occur to generate synergy during the implementation of change. This next phase involves the ability and willingness of sponsors, agents, advocates, and participants to value the diversity which exists among them and within the organization. This is difficult given the value our society places on rational, linear thinking and critical analysis. Critical thinking is an important aspect of human consciousness, but its overuse can make it a weakness. The weakness in this case is that critical thinking has been over-emphasized to the neglect of creative, intuitive ways of thinking. Most people lack training in the skills needed to merge all parties, or to look for ways to make something
work when it does not appear possible. Four basic skills are described which are required to appreciate and understand diverse viewpoints. First, sponsors, agents, advocates and participants should have the ability and willingness to create an open climate where differences can surface. They should delay forming negative judgments about another’s ideas, beliefs, feelings, attitudes, behaviors, or concerns. In addition, it is also important that they empathize with others and view their perspective as legitimate. Lastly, they need to demonstrate they value diverse viewpoints and identify positive characteristics about the viewpoints of others.

- **Integrating diverse viewpoints.** - Successful change requires more than effective communication and a valuing of diversity; there must also be a merging or integration of those separate, diverse viewpoints. Because our culture does not typically teach and reward the necessary basic skills to do so, accomplishing this integration is rather difficult. The leaders of any change project should first of all tolerate ambiguity and be persistent in pursuing new possibilities. They need to also modify their own views, beliefs, and behaviors in order to support the change. Equally important is the skill to generate creative ways of merging diverse perspectives into new, mutually supported alternatives. Finally, they should have the ability and skills to identify issues and concepts that cannot or should not be integrated into the change effort.

- **Implementing.** - The final phase is intended to harness the momentum that has been generated by the previous implement phases and channel it toward a successful outcome. In many instances the skills may belong to conventional management practices, but here they are also applied to a change project. The first basic skills required during this phase are the ability and willingness of change leaders to establish overall strategies and specific measurable goals regarding the implementation process. They also need skill to actively monitor implementation progress and provide any needed assistance where and when it is required to assure eventual success. Plans also must be implemented at a speed and in a manner that acknowledges the needs and concerns of people affected by the change. Also, most implementation plans will have to be modified throughout the change process to assure their relevancy to the current reality in the particular organization.

**Conclusion**

To adapt to organizational environments that are in constant transition, it is essential that college and university administrators learn how to lead their institutions through major organizational transitions that assimilate change. As institutional leaders, administrators have a particular responsibility to be able to reframe the thinking of those they guide and lead them successfully through the organizational disruption that inevitably results from responding to change. Institutional leaders must go beyond determining what needs to change. For their institution to survive and prosper, administrators in key leadership positions must obtain the knowledge and skills needed to design and implement successful organizational change strategies for coping with the shifts in the external environment. They must understand the concepts fundamental to organizational change. These include the dynamics of the change process, the human responses of the institution’s personnel to change and the determinants critical to implementing the transitions of organizational change in a manner that has the possibility of the greatest success.

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**ORGANIZATIONAL EFFECTIVENESS**

Meeting organizational objectives and Prvailing societal expectations in the Near future, adapting and developing in The intermediate future, and surviving In the distant future

**APPROACHES TO MEASURING ORGANIZATIONAL EFFECTIVENESS**

- **Goal Approach:** Effectiveness is the ability to excel at one or more output goals.
- **Internal Process Approach:** Effectiveness is the ability to excel at internal efficiency, coordination, motivation, and employee satisfaction.
- **System Resource Approach:** Effectiveness is the ability to acquire scarce and valued resources from the environment.
- **Approaches to Measuring Org. Effectiveness, continued**
- **Constituency Approach:** Effectiveness is the ability to satisfy multiple strategic constituencies both within and outside the organization.
- **Domain Approach:** Effectiveness is the ability to excel in one or more among several domains as selected by senior managers.

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**COMPARISON OF THE FOUR OE APPROACHES**

<table>
<thead>
<tr>
<th>Approach</th>
<th>Definition</th>
<th>When Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal attainment</td>
<td>An organization is effective to the extent that:</td>
<td>Preferred when:</td>
</tr>
<tr>
<td></td>
<td>it accomplishes its stated goals</td>
<td>goals are clear, time bound and measurable</td>
</tr>
<tr>
<td>System Resource</td>
<td>it acquires needed resources</td>
<td>a clear connection exists between inputs and outputs</td>
</tr>
<tr>
<td>Constituencies</td>
<td>all strategic constituencies are at least minimally satisfied</td>
<td>constituencies have influence on the</td>
</tr>
<tr>
<td>powerful</td>
<td></td>
<td>and the organization must respond to demands</td>
</tr>
<tr>
<td>organization,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal Processes</td>
<td>combines internal efficiency and affective health</td>
<td>costs, outputs &amp; are easily measurable</td>
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**ORGANIZATION DEVELOPMENT**

Organization development (OD) is the study of successful organizational change and performance. OD emerged from human relations studies in the 1930s, during which psychologists realized that organi-
zational structures and processes influence worker behavior and motivation. More recently, work on OD has expanded to focus on aligning organizations with their rapidly changing and complex environments through organizational learning, knowledge management and transformation of organizational norms and values. Key concepts of OD theory include: organizational climate (the mood or unique “personality” of an organization, which includes attitudes and beliefs that influence members’ collective behavior), organizational culture (the deeply-seated norms, values and behaviors that members share) and organizational strategies (how an organization identifies problems, plans action, negotiates change and evaluates progress).

Overview
Organization development is an ongoing, systematic process of implementing effective organizational change. OD is known as both a field of science focused on understanding and managing organizational change and as a field of scientific study and inquiry. It is interdisciplinary in nature and draws on sociology, psychology, particularly industrial and organizational psychology, and theories of motivation, learning, and personality. Although behavioral science has provided the basic foundation for the study and practice of OD, new and emerging fields of study have made their presence felt. Experts in systems thinking and organizational learning, structure of intuition in decision making, and coaching (to name a few) whose perspective is not steeped in just the behavioral sciences, but a much more multi-disciplinary and inter-disciplinary approach, have emerged as OD catalysts or tools.

Organization development is a growing field that is responsive to many new approaches.

Core values
Underlying Organization Development are humanistic values. Margulies and Raia (1972) articulated the humanistic values of OD as follows:

- Providing opportunities for people to function as human beings rather than as resources in the productive process.
- Providing opportunities for each organization member, as well as for the organization itself, to develop to their full potential.
- Seeking to increase the effectiveness of the organization in terms of all of its goals.
- Attempting to create an environment in which it is possible to find exciting and challenging work.
- Providing opportunities for people in organizations to influence the way in which they relate to work, the organization, and the environment.
- Treating each human being as a person with a complex set of needs, all of which are important to their work and their life.

Differentiating OD from other change efforts such as:

1. Operation management
2. Training and Development
3. Technological innovations

Objectives
The objectives of OD are:

- To increase the level of inter-personal trust among employees.
- To increase employees’ level of satisfaction and commitment.
- To confront problems instead of neglecting them.
- To put in place processes that will help improve the ongoing operation of the organization on a continuous basis.

As objectives of organizational development are framed keeping in view specific situations, they vary from one situation to another. In other words, these programs are tailored to meet the requirements of a particular situation. But broadly speaking, all organizational development programs try to achieve the following objectives:

1. Making individuals in the organization aware of the vision of the organization. Organizational development helps in making employees align with the vision of the organization.
2. Encouraging employees to solve problems instead of avoiding them.
3. Strengthening inter-personnel trust, cooperation, and communication for the successful achievement of organizational goals.
4. Encouraging every individual to participate in the process of planning, thus making them feel responsible for the implementation of the plan.
5. Creating a work atmosphere in which employees are encouraged to work and participate enthusiastically.
6. Replacing formal lines of authority with personal knowledge and skill.
7. Creating an environment of trust so that employees willingly accept change.

According to organizational development thinking, organization development provides managers with a vehicle for introducing change systematically by applying a broad selection of management techniques. This, in turn, leads to greater personal, group, and organizational effectiveness.

SKILLS OF CHANGE AGENT
A person who implements organizational change must wear many different hats. Effective change agents demonstrate extraordinary versatility within a broad skill set. The following are some of the roles you may play as you influence change in your organization.

5 Characteristics of a Change Agent
(change agents) – People who act as catalysts for change...3

In my work through school and organization visits, I have been fascinated to see the correlation between the speed of change and an individual who is “leading” the charge. The schools that have someone (or a group of people) helping to push the boundaries of what can be done in schools seem to move a lot quicker with a larger amount of “buy-in” through the process.

As Malcom Gladwell describes in his book, “The Tipping Point”, he states:
The success of any kind of social epidemic is heavily dependent on the involvement of people with a particular and rare set of social gifts.

Although Gladwell talks about the “Law of the Few” (connectors, mavens, salesman), I do not believe change is solely dependent upon their skills, but also the culture in which they exist. You cannot be a connector if you are in an environment where people do not want to come together. So although a change agent can trigger growth in an organization, the culture in which they exist or are brought into has a huge bearing on their success. If a school embodies itself as a true learning organization, change will happen much quicker.

With that being said, I have noticed that the individuals that are really successful in helping to be a catalyst for change certainly embody some similar characteristics. Below is a list of what I have seen consistently.

1. **Clear Vision** – As mentioned above, a “change agent” does not have to be the person in authority, but they do however have to have a clear vision and be able to communicate that clearly with others. Where people can be frustrated is if they feel that someone is all over the place on what they see as important and tend to change their vision often. This will scare away others as they are not sure when they are on a sinking ship and start to looking for ways out. It is essential to note that a clear vision does not mean that there is one way to do things; in fact, it is essential to tap into the strengths of the people you work with and help them see that there are many ways to work toward a common purpose.

2. **Patient yet persistent** – Change does not happen overnight and most people know that. To have sustainable change that is meaningful to people, it is something that they will have to embrace and see importance. Most people need to experience something before they really understand that, and that is especially true in schools. With that being said, many can get frustrated that change does not happen fast enough and they tend to push people further away from the vision, then closer. The persistence comes in that you will take opportunities to help people get a step closer often when they are ready, not just giving up on them after the first try. I have said continuously that schools have to move people from their point ‘A’ to their point ‘B’, not have everyone move at the same pace. Every step forward is a step closer to a goal; change agents just help to make sure that people are moving ahead.

3. **Asks tough questions** – It would be easy for someone to come in and tell you how things should be, but again that is someone else’s solution. When that solution is someone else’s, there is no accountability to see it through. It is when people feel an emotional connection to something is when they will truly move ahead. Asking questions focusing on, “What is best for kids?”, and helping people come to their own conclusions based on their experience is when you will see people have ownership in what they are doing. Keep asking questions to help people think, don’t alleviate that by telling them what to do.

4. **Knowledgeable and leads by example** – Stephen Covey talked about the notion that leaders have “character and credibility”; they are not just seen as good people but that they are also knowledgeable in what they are speaking about. Too many times, educators feel like their administrators have “lost touch” with what is happening in the classroom, and many times they are right. Someone who stays active in not necessarily teaching, but active in learning and working with learners and can show by example what learning can look like now will have much more credibility with others. If you want to create “change”, you have to not only be able to articulate what that looks like, but show it to others. I have sat frustrated often listening to many talk about “how kids learn today” but upon closer look, the same speakers do not put themselves in the situation where they are actually inspiring themselves in that type of learning. How can you really know how “kids learn” or if something works if you have never experienced it?

5. **Strong relationships built on trust** – All of the above, means nothing if you do not have solid relationships with the people that you serve. People will not want to grow if they do not trust the person that is pushing the change. The change agents I have seen are extremely approachable and reliable. You should never be afraid to approach that individual based on their “authority” and usually they will go out of their way to connect with you. That doesn’t mean that they aren’t willing to have tough conversations though; that also builds trust. Trust is also built when you know someone will deal with things and not be afraid to do what is right, even if it is uncomfortable. Sometimes trust is built when you choose to do what is right for your community or organization, as long as it is always done in a respectful way.

Should every school/district administrator have these qualities? Probably. But with that being said, positive change is not reserved to be the responsibility of any position. The best leaders may have all of these qualities but also empower others to be those “change agents” as well to build a culture of leadership and learning. I can think of many people that I have encountered who have helped pushed their organizations ahead that have no formal “authority” over any individual. That being said, some of them do it in spite of their principal or superintendent and often feel that they are in constant conflict. Things would obviously move a lot quicker if they had the support of their leader. With that support, change can happen in an organization quickly, but if the leader does not “clear the path”, improvement will take a lot longer than it should.

What is important to note is that being a “charismatic leader” is not something that is essential. Often, charismatic leaders lack many of these qualities that I have listed above and although they can seemingly lead change, it is not sustainable and does not permeate throughout the school or organization; it becomes too dependent upon one person. For example, was Steve Jobs a change agent, or a charismatic leader? Apple is not doing as well since he has passed away and their innovation has seem to slow down. Steve Jobs was known for being notoriously tough to deal with and the trust that is essential to building a strong culture was probably lacking to some degree. I believe that change agents will help to create more leaders, not more followers.

What qualities from this list did I miss? Do you think that there has to be at least one person or group to help permeate change and growth in an organization?

**DOING** – the specific skills and methods for creating change

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1/1/BAURANG KUCHAMAN/MBA NOTES/ORGANISATIONAL EFFECTIVENESS AND CHANGE
1. They create a setting for success, without need to control the process
2. They artfully apply frameworks, models and tools
3. They provide correction to senior executives without causing resentment
4. They appeal to the heart (emotion) and then the head (logic)
5. They make a call to action

SEEING – the ability to make sense of, and reshape perceptions of ‘reality’
6. They see a different ‘normal’
7. They see the distinction between fact and truth
8. They see leaders in a sympathetic light
9. They see all interventions in a strategic context
10. They see a ‘higher self’

BEING – personal characteristics and qualities of transformational change agents
11. They are a role model first and a preacher second
12. They are optimistic; they inspire hope not fear
13. They are courageous and selfless
14. They are trusted, and leverage it
15. They are in service, not subservience

What Makes a Good Change Agent?
In the light of the many problems and risks associated with change projects, the change agent[1] has a very important function. The change agent’s or change leader’s capabilities have a major impact on success or failure of the project, and on the extent of potential unwanted side-effects. The following article describes required capabilities of good change agents.

Why change processes need good change agents
Change processes and change projects have become major milestones in many organizations’ history. Due to the dynamics in the external environment, many organizations find themselves in nearly continuous change. The scope reaches from smaller change projects in particular sub business units up to corporation-wide transformation processes.
Unfortunately, not every change process leads to the expected results. There are multiple reasons for potential failure: Typical barriers to change are unexpected changes in the external conditions, a lack of commitment in implementation, resistance of people involved, or a lack of resources. The implications of failed change projects go beyond missed objectives. More important is the negative symbolism and the de-motivation of people involved. People within the change team may become dissatisfied with their own performance or with the lack of support they received. In the result, some of them will probably never again be willing to commit themselves to change initiatives. Similarly, people affected by the (failed) change effort will develop growing skepticism. They might perceive future change projects as “another fancy idea from management”, which brings a lot of work and few benefits.

Different change projects require different capabilities of the change agent
Depending on these factors, change agents either may need good project management capabilities in order to guarantee timely progress, or they should be good leaders with the ability to motivate people.

Jim Canterucci defines change leaders on five levels. Although he mainly focuses on leadership capabilities and qualifications, his system can easily be transferred to change projects with varying importance. The leader of an organization-wide restructuring project will need different capabilities than the one who is responsible for clearly defined project on departmental level.

Levels of Change Leadership Skills, derived from Jim Canterucci:[2]
Level I Accepts the need for change, communicates and defends the need for change throughout the organization, creates an open and receptive environment→ small change initiatives with clear direction
Level II Defines and initiates change, identifies leverage points for change in processes and work habits→ change projects at local level
Level III Leads change, translate the vision of the organization into the context of a specific change initiative and bring this message to the entire organization, redirects approaches in the face of new opportunities→ transformation of a central vision into change initiatives and organization-wide communication
Level IV Manages complex change, understands the cultural dynamics of the current state of an organization, creates a strategic practical course, balancing the current reality with the need for rapid adoption of the desired future reality→ generates change with a high degree of transformation
Level V Champions change, challenges the status quo by comparing it to an ideal or a vision of change, causes crisis in order to support dramatic actions and change efforts, transforms the organization→ ability to revolutionize organizations

Change agents always need the ability to get all people affected by the project involved, to ensure their support and commitment. This requires a high competency as the basis for acceptance as well as soft skills, which are often summarized as emotional intelligence. This includes the ability to communicate, to understand and to take into account opinions and doubts of others. Change projects involve a great variety of factors and forces. These factors do not only comprise the reasons and objectives for change, but also the existing state of the organization, values, beliefs and routines of the people there. Many change projects challenge the existing cultural framework of an organization. Efforts to change such lasting values, however, lead to resistance and denial. More than in technology-related projects (e.g., implementation of new software), it takes the acceptance and the support of all people affected by such projects to make them succeed. It is the change agent’s task to generate this acceptance in order to implement change with the people, not against them.

Buchan and Boddy[3] have carried out a study on the perceived effectiveness of change agents. On that basis, they compiled the fifteen most important competencies of change agents. These, too, are evidence for the importance of the soft factors:

15 Key Competencies of Change Agents
Objectives
1. Sensitivity to changes in key personnel, top management perceptions and market conditions, and to the way in which these impact the goals of the project.
2. Setting of clearly defined, realistic goals.
3. Flexibility in responding to changes without the control of the project manager, perhaps requiring major shifts in project goals and management style.

Roles
4. Team-building abilities, to bring together key stakeholders and establish effective working groups, and to define and delegate respective responsibilities clearly.
5. Networking skills in establishing and maintaining appropriate contacts within and outside the organization.
6. Tolerance of ambiguity, to be able to function comfortably, patiently and effectively in an uncertain environment.

Communication
7. Communication skills to transmit effectively to colleagues and subordinates the need for changes in the project goals and in individual tasks and responsibilities.
8. Interpersonal skills, across the range, including selection, listening, collecting appropriate information, identifying the concerns of others, and managing meetings.
9. Personal enthusiasm in expressing plans and ideas.
10. Stimulating motivation and commitment in others involved.

Negotiation
11. Selling plans and ideas to others by creating a desirable and challenging vision of the future.
12. Negotiating with key players for resources, for changes in procedures, and to resolve conflict.

Managing up
13. Political awareness in identifying potential coalitions, and in balancing conflicting goals and perceptions.
14. Influencing skills, to gain commitment to project plans and ideas form potential skeptics and resisters.
15. Helicopter perspectives, to stand back from the immediate project and take a broader view of priorities.

Rosabeth Moss Kanter also mentions many emotional components among the most important characteristics of change agents. In addition to the factors described above, she stresses the need to question the knowledge of the organization. According to Moss Kanter, existing patterns of thinking and existing assumptions about the organization, its markets, customers and relationships have to be challenged. Thus, change agents should realize that there is more than one right solution. The change agent has to be able to evaluate facts from different points of view, e.g. from the customer’s or competitor’s perspective.

Furthermore, Moss Kanter stresses the importance of coalition building, which she describes as an often-ignored step in change processes. Change agents should identify and involve opinion leaders, decision makers on resources, functional experts and other important persons as early as possible in the project-planning phase. The importance of the factor motivation is well described with the phrases transferring ownership to a working team and making everyone a hero. In my opinion, Moss Kanter gives the most important preconditions for successful change management – the involvement of the people – with these two phrases. Members of the change team and other employees affected by the change initiative must not feel like as if they are just the tools for change or the subject of change. In my experience, it is not enough to have a convincing vision. Real commitment can only be gained by giving people the chance to become actively involved, to contribute their own experiences. Every employee needs to know that his contribution to the project is important and is valued. Thus, people will develop a sense of ownership for the project, which, in turn may serve as a major source of motivation when it comes to the inevitable problems and barriers.

- The Counselor
- The Detective
- The Mediator
- The Law
- The Advocate
- The Facilitator
- The Expert

In order to be a successful sustainability change agent, an individual must have the following:
1. Knowledge of the environmental, economic, and social issues related to sustainability (understanding);
2. A value system and self-concept to support and under gird the actions of a change agent (motivation); and
3. Change agent abilities (skills).

Change Agent Abilities:
The following is a listing of change agent abilities compiled from numerous sources. For ease of use, these sources have all been acknowledged at the end of this document.

Change agents are:
- Resilient
- Optimistic
- Tenacious
- Committed
- Passionate
- Patient
- Emotionally intelligent
- Communicate ideas clearly, concisely, and precisely both orally and in writing
- Assertive
- Persuasive
- Empathetic
- Authentic
- Ethical
- Self-Aware
- Competent
- Curious

They can:
- Tolerate ambiguity and cope effectively with change

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13/BAJ RANG KUCHAMAN/ MBA NOTES/ ORGANISATIONAL EFFECTIVENESS AND CHANGE
• Listen to others and incorporate their ideas and perspectives
• Engage in self-assessment, self-reflection, and analysis
• Reflect on what is happening to make meaning, gain perspective and understanding
• Engage in civil discourse and debate
• Mediate and resolve conflicts
• Recognize the global implications of their actions
• Span boundaries
• Challenge the status quo effectively when appropriate
• Collaborate, network, develop alliances and coalitions, build teams
• Involve others, inspire and excite participants, engender support and commitment
• See the big picture and the larger goal and understand the need for systemic change
• Adjust to the diverse and changing needs of both individuals and society as a whole
• Set realistic and clearly defined goals and objectives
• Be both a leader and a follower, as necessary
• Analyze and influence group dynamics

They have:
• Insights into the functioning and interconnectedness of systems
• A commitment to finding solutions to societal problems
• Political efficacy, a belief that what they think and do civically and politically matters

• Make ethical decisions which incorporate responsibility to self, community, and society
• Help envision, articulate and create positive scenarios for the future of society
• Analyze power, structures of inequality, and social systems that govern individual and communal life
• Accommodate individual differences (cultural, socioeconomic, global, etc.) in your decisions and actions and be able to negotiate across these differences.
• Creatively and collaboratively solve problems using critical thinking skills; search for “families” of solutions for complex multifaceted issues
• See the paths, small steps, for changes needed for a more sustainable future, convert it into a task list and timeline, and follow through effectively

• Integrity
• Courage
• An understanding of “organic” change

**WORKPLACE CULTURE VS. CLIMATE**

*why most focus on climate and may suffer for it*

Culture is a hot topic. It was the Merriam-Webster “word of the year” for 2014. Leaders and experts across the world are talking about how to develop an agile culture, implement a lean culture, overcome the culture clash in acquisitions, and many other areas of culture change. Unfortunately, the reality is that most of these leaders and experts are actually focusing their efforts on climate and not dealing with the deeper, more powerful subject of culture. I didn’t understand the difference until the past few years.

**What is Climate?**

Organizational climate is the shared perceptions and attitudes about the organization. The most visible area of a focus on culture that is actually climate is all the effort to measure and improve employee engagement. This focus on engagement did yield results for some organizations. Unfortunately, according to Gallup’s Employee Engagement Study, the number of employees engaged at work has barely moved over the course of the last 15 years.

You know the drill. Employees are asked, for example, whether they know what’s expected of them, whether their opinions seem to count, and if their manager is paying attention to them. Organizations compile the results and “action plans” are developed. It’s not just engagement surveys where people think they are getting to culture. The vast majority of so-called “culture” surveys and “great workplace” surveys primarily measure climate. Employees might be asked if the mission is clear, benefits are good, management shows appreciation, teamwork is encouraged, or whether the organization is effective at managing change. Climate, climate, climate.

**The deeper side of culture**

Organizational culture is the shared beliefs and assumptions about the organization’s expectations and values. These “unwritten rules” and perceived expectations drive our behavior in organizations. Edgar Schein once said “90% of our behavior in organizations is driven by cultural rules.” When faced with problems, challenges, or goals it often helps to understand the aspects of culture that either inhibit or support effectiveness. To surface these aspects of culture, employees should be asked, for example, if they are expected or implicitly required to:

- check decisions with superiors
- work to achieve self-set goals
- point out flaws

• take on challenging tasks
• never make a mistake
• not “rock the boat”

These examples are from the Human Synergistics Organizational Culture Inventory, the most widely used and heavily researched culture assessment in the world. We all have experienced the positive and negative impact of these perceived expectations. In some cases they help to propel our thinking forward to “act on what we know” and accomplish great things with constructive behavior. In other
cases, they lead to passive or aggressive behavior that undermines our effectiveness. Some organizations may actually be paralyzed by fear and plagued with inaction when they need the exact opposite.

**Why focusing on climate can be a problem**

Edgar Schein, arguably the #1 culture expert in the world, wrote in the The Handbook of Organizational Culture and Climate: “A climate can be locally created by what leaders do, what circumstances apply, and what environments afford. A culture can evolve only out of mutual experience and shared learning.”

There is value in understanding how both climate and culture are influencing our work to effectively manage problems, challenges, or goals. The results of a focus on changing climate may lead to some quick wins, like managers temporarily engaging employees more effectively, but the improvements may be short-lived unless a culture shift occurs. I’ll share a clear example.

**A culture change cut short after climate success**

I was appointed president of a manufacturing organization. It was clearly a command and control culture. I vividly recall a top leader yelling at me: “You are from the new school that’s all about hugs and kisses, I am from the old school that’s about performance and giving people a swift kick in the ass when they need it.” You can imagine what the culture was like as this aggressive behavior at the top led to extremely passive and conventional behavior on the front lines since most employees only did what they were told.

We embarked on a journey to quickly transform the organization. We managed three phases of improvement over a two year period to support shared-learning and results:

**Stabilize:** We had a massive company-wide focus on improving quality as we managed a roadmap of improvements related to clarifying the vision, team behaviors we should expect from each other, strategies, goals, measures, management systems, communication systems and motivation (reward & recognition). We focused on roadmap of organization-level improvements to create a “common core” in this phase while reinforcing new expectations to plan ahead, make and meet commitments, and cooperate with others.

**Grow:** We learned from the first phase of improvement together as a team and applied those insights to a company-wide focus on sales growth. We continued all the habits we started in the first phase and refined the approach as we included new strategies, goals, and measures targeted at growth. We implemented regional cross-functional teams so we could learn from our organization-level focus in the stabilize phase and apply it to a sub-team approach in this phase. The expected behaviors defined in the first phase were now applied in this new team structure.

**Innovate:** We launched a cross-functional innovation team that met weekly and launched industry-leading innovations in a short period of time. We were ready for an innovation focus after building the “common core” and improving collaboration across sub-groups / teams. We also implemented a dramatically improved individual employee development system.

Our business results improved substantially over the two years in nearly every area. The board member I reported to said “I can’t believe the change.” We conducted a “culture” survey at the beginning of this journey but it was one that primarily measured areas of climate. We moved from the lowest possible score in eight of twelve categories to the top 20º percentile in most areas as the climate was transformed.

I was happy about the improved results, but was the culture completely transformed in two years as the survey results would have led many to believe? No way. I knew that while these climate results had clearly skyrocketed the culture journey was just underway.

I ended up leaving the organization to accept a role in a part of the country that was a better fit for my family. An acquisition was finalized soon after I left and I was replaced by someone with a dramatically different leadership style. The operating model we built began to fall apart and results deteriorated very fast. The Board decided to sell the assets to its largest competitor and the story was over. Climate success was short-lived and over-shadowed by the fragile state of our developing culture.

**The bottom line**

It’s critical to understand both climate and culture.

- Understand what you are measuring. Don’t be fooled by engagement or other climate measures and think you are measuring the behavioral norms and underlying assumptions (we have all experienced the power of these “unwritten rules”).

- Don’t get stuck on the climate treadmill since your results will change as leaders, workload, policies, and other areas change. Climate is extremely important but don’t lose sight of culture. Top culture expert Edgar Schein gives us great advice about not being fooled by the illusion that when you change behavior you are changing the underlying culture.

- If you are interested in sustainability, it’s critical to understand how culture is both helping and holding back your progress as you deal with problems, challenges, and goals.

- Use a phased approach to constructive culture change so you build on shared learning and experience as you manage work on top performance priorities. This basic culture roadmap and whitepaper may help.

- It’s your culture that endures as people come and go from your organization and, ideally, allows you to effectively deal with new problems, challenges, and goals.


**CULTURE vs CLIMATE**

The culture and climate of an organization are the natural forces which leave an imprint on the organization. Both have a strong impact on the organization, particularly during transformational change. Leaders who introduce transformational change into an organization easily can be discouraged if they focus too much attention on culture alone. What is required is a more manageable task but one which will affect cultural variables. The concept of organizational climate offers a more definable and measurable vehicle for implementing change.

Change in an organization calls for its leaders to recognize and balance both culture and climate dimensions.

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**CULTURE**

Culture can be divided into five components: values, beliefs, myths, traditions and norms.

Values are the ways in which individuals assess certain traits, qualities, activities or behaviors as good or bad, productive or wasteful. High levels of service, for example, might be a core value of a particular organization. Its value might be reflected in such things as the organization’s motto, response time, reliability or actual quality performance measurements.

Beliefs – though frequently unstated – reflect individuals’ understanding of the way the organization works and the probable consequences of the actions they take. In some organizations, people may champion new service/product ideas in the belief that innovation is the way to get ahead. In other organizations, people adhere to rules in the belief that controlling risk is the way to get ahead. These generally held beliefs are rarely based on a clear statement of values; more often, they are based upon who are perceived to be “stars” in the organization.

Myths are the stories or legends that persist within the organization. For example, there can be the myth surrounding the danger of taking initiative in presenting new ideas – considered to be unwelcome intrusions. Such a story is not a piece of trivial information – it is part of a body of clues or signals that transmits what new members can or cannot do and impacts any change efforts.

Traditions are repetitive significant events such as celebrations, special awards, retirement parties and holiday dinners. These events inject predictability into the organizational environment and are a basic means of perpetuating cultural values, whether they honor tenure, advancement or appreciation of a special accomplishment. They highlight what is held in high esteem in the organization.

Norms are organizational informal rules regarding communication processes, dress, work habits, work hours and implicit codes of interpersonal behavior. Does the organization encourage open and honest communication with an emphasis on the positive or does it allow rumors and gossip to prevail? These “rules of conduct” are not written down in any employee handbook, but accepted as “the way things are”.

These components are difficult and almost impossible to measure and even harder for people to articulate but they are real and have to be managed as part of the process of changing the organization. Corporate culture in itself cannot be mandated. There are too many variables, too much out of the leader’s control. It is like punching a pillow; a lot of energy is exerted but the results are transitory. Nothing seems to really change and it is difficult to determine the next best actions.

The consequences of corporate culture are more observable than the culture itself – through the organizational climate.

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**CLIMATE**

Climate is the label used to describe the dimensions of the work environment that can be measured with relative precision. A variety of factors determine the climate of an organization.

Leadership is the single most important determinant of organizational climate is the day-to-day leadership
Communication is important to the organization's goals and objectives, and it is essential to the success of any organization. Effective communication ensures that everyone understands their roles and responsibilities, which is crucial for the success of any project. It also helps to ensure that all stakeholders are aware of the organization's goals and objectives, and that they are working towards the same goals together. Communication is also necessary for the success of any team or group. It helps to ensure that everyone is on the same page and that they are working towards the same goals together. Without effective communication, it is difficult to ensure that everyone is working towards the same goals, and it can lead to confusion and miscommunication, which can ultimately lead to failure.

In order to communicate effectively, it is important to understand the different types of communication and how they can be used to achieve the organization's goals. This includes understanding the different communication channels and how they can be used to reach different stakeholders. It is also important to understand the different communication styles and how they can be used to effectively communicate with others. This includes understanding how to effectively listen and how to effectively communicate with others. Without effective communication, it is difficult to ensure that everyone is working towards the same goals, and it can lead to confusion and miscommunication, which can ultimately lead to failure.

Leaders must be aware of the organization's performance and progress. This includes understanding the organization's goals and objectives, and how they are being achieved. It also includes understanding the organization's strengths and weaknesses, and how they can be used to achieve the organization's goals.

In order to achieve the desired organizational change, leaders must be aware of the organization's performance and progress. This includes understanding the organization's goals and objectives, and how they are being achieved. It also includes understanding the organization's strengths and weaknesses, and how they can be used to achieve the organization's goals.

Leaders must be aware of the organization's performance and progress. This includes understanding the organization's goals and objectives, and how they are being achieved. It also includes understanding the organization's strengths and weaknesses, and how they can be used to achieve the organization's goals.
There are few business activities more prone to a credibility gap than the way in which executives approach organizational life. A sense of disbelief occurs when managers purport to make decisions in rationalistic terms while most observers and participants know that personalities and politics play a significant if not an overriding role. Where does the error lie? In the theory which insists that decisions should be rationalistic and nonpersonal? Or in the practice which treats business organizations as political structures? Whatever else organizations may be (problem-solving instruments, sociotechnical systems, reward systems, and so on), they are political structures. This means that organizations operate by distributing authority and setting a stage for the exercise of power. It is no wonder, therefore, that individuals who are highly motivated to secure and use power find a familiar and hospitable environment in business. At the same time, executives are reluctant to acknowledge the place of power both in individual motivation and in organizational relationships. Somehow, power and politics are dirty words. And in linking these words to the play of personalities in organizations, some managers withdraw into the safety of organizational logics.

As I shall suggest in this article, frank recognition of the importance of personality factors and a sensitive use of the strengths and limitations of people in decisions on power distributions can improve the quality of organizational life.

**Political Pyramid**

Organizations provide a power base for individuals. From a purely economic standpoint, organizations exist to create a surplus of income over costs by meeting needs in the marketplace. But organizations also are political structures which provide opportunities for people to develop careers and therefore provide platforms for the expression of individual interests and motives. The development of careers, particularly at high managerial and professional levels, depends on accumulation of power as the vehicle for transforming individual interests into activities which influence other people.

**Scarcity & competition**

A political pyramid exists when people compete for power in an economy of scarcity. In other words, people cannot get the power they want just for the asking. Instead, they have to enter into the decisions on how to distribute authority in a particular formal organization structure. Scarcity of power arises under two sets of conditions:

1. Where individuals gain power in absolute terms at someone else’s expense.
2. Where there is a gain comparatively—not literally at someone else’s expense—resulting in a relative shift in the distribution of power.

In either case, the psychology of scarcity and comparison takes over. The human being tends to make comparisons as a basis for his sense of self-esteem. He may compare himself with other people and decide that his absolute loss or the shift in proportional shares of authority reflects an attrition in his power base. He may also compare his position relative to others against a personal standard and feel a sense of loss. This tendency to compare is deeply ingrained in people, especially since they experience early in life the effects of comparisons in the family where—in an absolute sense—time and attention, if not love and affection, go to the most dependent member. Corporate acquisitions and mergers illustrate the effects of both types of comparisons. In the case of one merger, the president of the acquired company resigned rather than accept the relative displacement in rank which occurred when he no longer could act as a chief executive officer. Two vice presidents vied for the position of executive vice president. Because of their conflicting ambitions, the expedient of making them equals drove the competition underground, but not for long. The vice president with the weaker power base soon resigned in the face of his inability to consolidate a workable definition of his responsibilities. His departure resulted in increased power for the remaining vice president and the gradual elimination of “rival camps” which had been covertly identified with the main contenders for power.

The fact that organizations are pyramids produces a scarcity of positions the higher one moves in the hierarchy. This scarcity, coupled with inequalities, certainly needs to be recognized. While it may be humane and socially desirable to say that people are different ra-
other than unequal in their potential, nevertheless executive talent is in short supply. The end result should be to move the more able people into the top positions and to accord them the pay, responsibility, and authority to match their potential.

On the other side, the strong desires of equally able people for the few top positions available means that someone will either have to face the realization of unfulfilled ambition or have to shift his interest to another organization.  

Constituents & clients
Besides the conditions of scarcity and competition, politics in organizations grows out of the existence of constituencies. A superior may be content himself with shifts in the allocation of resources and consequently power, but he represents subordinates who, for their own reasons, may be unhappy with the changes. These subordinates affirm and support their boss. They can also withdraw affirmation and support, and consequently isolate the superior with all the painful consequences this entails.

While appointments to positions come from above, affirmation of position comes from below. The only difference between party and organizational politics is in the subtlety of the voting procedure. Consider:

- In a large consumer products corporation, one division received almost no capital funds for expansion while another division, which had developed a new marketing approach for products common to both, expanded dramatically. The head of the static division found his power diminished considerably, as reflected in how seriously his subordinates took his efforts at influence (e.g., in programs to increase the profit return from existing volume).

He initiated one program after another with little support from subordinates because he could not make a claim for capital funds. The flow of capital funds in this corporation provided a measure of power gains and losses in both an absolute and a relative sense.

Power & action
Still another factor which heightens the competition for power that is characteristic of all political structures is the incessant need to use whatever power one possesses. Corporations have an implicit “banking” system in power transactions. The initial “capitalization” which makes up an individual’s power base consists of three elements:

1. The quantity of formal authority vested in his position relative to other positions.
2. The authority vested in his expertise and reputation for competence (a factor weighted by how important the expertise is for the growth areas of the corporation as against the historically stable areas of its business).
3. The attractiveness of his personality to others (a combination of respect for him as well as liking, although these two sources of attraction are often in conflict).

This capitalization of power reflects the total esteem with which others regard the individual. By a process which is still not too clear, the individual internalizes all of the sources of power capital in a manner parallel to the way he develops a sense of self-esteem. The individual knows he has power, assesses it realistically, and is willing to risk his personal esteem to influence others.

A critical element here is the risk in the uses of power. The individual must perform and get results. If he fails to do either, an attrition occurs in his power base in direct proportion to the doubts other people entertained in their earlier appraisals of him.

What occurs here is an erosion of confidence which ultimately leads the individual to doubt himself and undermines the psychological work which led him in the first place to internalize authority as a prelude to action. (While, as I have suggested, the psychological work that an individual goes through to consolidate his esteem capital is a crucial aspect of power relations, I shall have to reserve careful examination of this problem until a later date. The objective now is to examine from a political framework the problems of organizational life.)

What distinguishes alterations in the authority structure from other types of organizational change is their direct confrontation with the political character of corporate life. Such confrontations are real manipulations of power as compared with the indirect approaches which play on ideologies and attitudes. In the first case, the potency and reality of shifts in authority have an instantaneous effect on what people do, how they interact, and how they think about themselves. In the second case, the shifts in attitude are often based on the willingness of people to respond the way authority figures want them to; ordinarily, however, these shifts in attitude are but temporary expressions of compliance.

One of the most common errors executives make is to confuse compliance with commitment. Compliance is an attitude of acceptance when a directive from an authority figure asks for a change in an individual’s position, activities, or ideas. The individual complies or “goes along” usually because he is indifferent to the scope of the directive and the changes it proposes. If compliance occurs out of indifference, then one can predict little difficulty in translating the intent of directives into actual implementation.

Commitment, on the other hand, represents a strong motivation on the part of an individual to adopt or resist the intent of a directive. If the individual commits himself to a change, then he will use his ingenuity to interpret and implement the change in such a way as to assure its success. If he decides to fight or block the change, the individual may act as if he complies but reserve other times and places to negate the effects of directives. For example:

- In one large company, the top management met regularly for purposes of organizational planning. The executives responsible for implementing planning decisions could usually be counted on to carry them out when they had fought hard and openly in the course of reaching such decisions. When they seemed to accept a decision, giving all signs of compliance, the decision usually ended up as a notation in the minutes. Surface compliance occurred most frequently when problems involved loyalties to subordinates.

In one instance, a division head agreed to accept a highly regarded executive from another division to meet a serious manpower shortage in his organization. When the time came to effect the transfer, however, this division general manager refused, with some justification, on the grounds that bringing someone in from outside would demoralize his staff. He used compliance initially to respond to the
problem of “family” loyalties to which he felt committed. Needless to say, the existence of these loyalties was the major problem to be faced in carrying out organizational planning.

Compliance as a tactic to avoid changes and commitment as an expression of strong motivation in dealing with organizational problems are in turn related to how individuals define their interests. In the power relations among executives, the so-called areas of common interest are usually reserved for the banalities of human relationships. The more significant areas of attention usually force conflicts of interest, especially competition for power, to the surface.

Interest Conflicts
Organizations demand, on the one hand, cooperative endeavor and commitment to common purposes. The realities of experience in organizations, on the other hand, show that conflicts of interest exist among people who ultimately share a common fate and are supposed to work together. What makes business more political and less ideological and rationalistic is the overriding importance of conflicts of interest.

If an individual (or group) is told that his job scope is reduced in either absolute or proportional terms for the good of the corporation, he faces a conflict. Should he acquiesce for the idea of common good or fight in the service of his self-interest? Any rational man will fight (how constructively depends on the absence of neurotic conflicts and on ego strength). His willingness to fight increases as he comes to realize the intangible nature of what people think is good for the organization. And, in point of fact, his willingness may serve the interests of corporate purpose by highlighting issues and stimulating careful thinking before the reaching of final decisions.

Secondary effects
Conflicts of interest in the competition for resources are easily recognized, as for example, in capital budgeting or in allocating money for research and development. But these conflicts can be subjected to bargaining procedures which all parties to the competition validate by their participation.

The secondary effects of bargaining do involve organizational and power issues. However, the fact that these power issues follow debate on economic problems rather than lead it creates a manifest content which can be objectified much more readily than in areas where the primary considerations are the distributions of authority.

In such cases, which include developing a new formal organization structure, management succession, promotions, corporate mergers, and entry of new executives, the conflicts of interest are severe and direct simply because there are no objective measures of right or wrong courses of action. The critical question which has to be answered in specific actions is: Who gets power and position? This involves particular people with their strengths and weaknesses and a specific historical context in which actions are understood in symbolic as well as rational terms. To illustrate:

- A large corporation, General Motors in fact, inadvertently confirmed what every seasoned executive knows: that coalitions of power to overcome feelings of rivalry and the play of personal ambitions are fragile solutions. The appointment of Edward Cole to the presidency followed by Semon Knudsen’s resignation shattered the illusion that the rational processes in business stand apart or even dominate the human emotions and ties that bind men to one another. If any corporation prides itself on rationality, General Motors is it. To have to experience so publicly the inference that major corporate life, particularly at the executive levels, is not so rational after all, can be damaging to the sense of security people get from belief in an idea as it is embodied in a corporate image.

The fact that Knudsen subsequently was discharged from the presidency of Ford (an event I shall discuss later in this article) suggests that personalities and the politics of corporations are less aberrations and more conditions of life in large organizations.

But just as General Motors wants to maintain an image, many executives prefer to ignore what this illustration suggests: that organizations are political structures which feed on the psychology of comparison. To know something about the psychology of comparison takes us into the theory of self-esteem in both its conscious manifestations and its unconscious origins. Besides possibly enlightening us in general and giving a more realistic picture of people and organizations, there are some practical benefits in such knowledge. These benefits include:

- Increased freedom to act more directly; instead of trying to “get around” a problem, one can meet it.
- Greater objectivity about people’s strengths and limitations, and, therefore, the ability to use them more honestly as well as effectively.
- More effective planning in organizational design and in distribution of authority; instead of searching for the “one best solution” in organization structure, one accepts a range of alternatives and then gives priority to the personal or emotional concerns that inhibit action.

Power Relations
Organizational life within a political frame is a series of contradictions. It is an exercise in rationality, but its energy comes from the ideas in the minds of power figures the content of which, as well as their origins, are only dimly perceived. It deals with sources of authority and their distribution; yet it depends in the first place on the existence of a balance of power in the hands of an individual who initiates actions and gets results. It has many rituals associated with it, such as participation, democratization, and the sharing of power; yet the real outcome is the consolidation of power around a central figure to whom other individuals make emotional attachments.

Faulty coalitions
The formal organization structure implements a coalition among key executives. The forms differ, and the psychological significance of various coalitions also differs. But no organization can function without a consolidation of power in the relationship of a central figure with his select group. The coalition need not exist between the chief executive and his immediate subordinates or staff. It may indeed bypass the second level as in the case of Presidents of the United States who do not build confident relationships within their cabinets, but instead rely on members of the executive staff or on selected individuals outside the formal apparatus.
The failure to establish a coalition within the executive structure of an organization can result in severe problems, such as paralysis in the form of inability to make decisions and to evaluate performance, and in-fighting and overt rivalry within the executive group. When a coalition fails to develop, the first place to look for causes is the chief executive and his problems in creating confident relationships. The causes are many and complex, but they usually hinge around the nature of the chief executive’s defenses and what he needs to avoid as a means of alleviating stress. For example:

- The “palace revolt,” which led to Semon Knudsen’s departure from Ford Motor Company, is an illustration of the failure in the formation of a coalition. While it is true that Henry Ford II named Knudsen president of the company, Knudsen’s ultimate power as a newcomer to an established power structure depended on forming an alliance. The particular individual with whom an alliance seemed crucial was Lee Iacocca. For some reason, Knudsen and Iacocca competed for power and influence instead of using cooperatively a power base to which both contributed as is the case with most workable coalitions. In the absence of a coalition, the alternate postures of rivalry and battle for control erupted. Ford ultimately responded by weighing his power with one side over the other.

As I have indicated, it is not at all clear why in Knudsen’s case the coalition failed to develop. But in any failure the place to look is in the personalities of the main actors and in the nature of their defenses which make certain coalitions improbable no matter how strongly other realities indicate their necessity.

But defensiveness on the part of a chief executive can also result in building an unrealistic and unworkable coalition, with the self-enforced isolation which is its consequence. One of the most frequently encountered defensive maneuvers which leads to the formation of unrealistic coalitions or to the isolation of the chief executive is the fear of rivalry.

A realistic coalition matches formal authority and competence with the emotional commitments necessary to establish and maintain the coalition. The fear of rivals on the part of chief executives, or the jealousy on the part of subordinates of the chief executive’s power, can at the extreme result in paranoid distortions. People become suspicious of one another, and through selective perceptions and projections of their own fantasies create a world of plots and counterplots.

The displacement of personal concerns onto substantive material in decision making is potentially the most dangerous form of defensiveness. The need for defenses arises because people become anxious about the significance of evaluations within existing power coalitions. But perhaps even more basic is the fear and the rivalry to which all coalitions are susceptible given the nature of investments people make in power relations. While it is easy to dismiss emotional reactions like these as neurotic distortions, their prevalence and impact deserve careful attention in all phases of organizational life.

Unconscious collusions

All individuals and consequently groups experience areas of stress which mobilize defenses. The fact that coalitions embody defensive maneuvers on those occasions where stress goes beyond the usual level of tolerance is not surprising. An even more serious problem, however, occurs when the main force that binds men in a structure is the need to defend against or to act out the conflicts which individuals cannot tolerate alone.

Where coalitions represent the aggregation of power with conscious intention of using the abilities of members for constructive purposes, collusions represent predominance of unconscious conflict and defensive behavior. In organizational life, the presence of collusions and their causes often becomes the knot which has to be unraveled before any changes can be implemented.

The collusion of latent interests among executives can become the central theme and sustaining force of an organization structure of top management. For a collusion to take hold, the conflicts of the “power figure” have to be communicated and sensed by others as an overriding need which seeks active expression in the form of a theme. The themes vary just as do the structures which make a collusion. Thus one common theme is the need to control; another is the need to be admired and idealized; and still another is the need to find a scapegoat to attack in response to frustrations in solving problems.

If people could hold on to and keep within themselves areas of personal conflict, there would be far fewer collusions in organizational life. But it is part of the human condition for conflicts and needs to take over life situations. As a result, we find numerous instances of collusions controlling the behavior of executives. To illustrate:

- A multidivisional corporation found itself with a revolution on its hands. The president was sensitive to the opinions of a few outside board members representing important stockholder interests. He was so concerned that he would be criticized by these board members, he demanded from vice presidents full information on their activities and complete loyalty to him. Over a period of years, he moved divisional chief executives to corporate headquarters so he could assure himself of their loyalty. Other executives joined in to gratify the president’s need for control and loyalty.

The result of this collusion, however, was to create a schism between headquarters and field operations. Some of the staff members in the field managed to inform the board members of the lack of attention to and understanding of field problems. Discontent grew to such an extent that the board placed the president on early retirement.

Subsequently, the new president, with the support of the board, decentralized authority and appointed new division heads who were to make their offices in divisional headquarters with full authority to manage their respective organizations. One of the lingering problems of the new president was to dissolve the collusion at headquarters without wholesale firing of vice presidents.

Just as power distributions are central to the tasks of organizational planning, so the conservation of power is often the underlying function of collusions. Thus:

- A manufacturing vice president of a medium-sized company witnessed over a period of 15 years a procession of changes in top management and ownership. He had managed to retain his job because he made himself indispensable in the management of the factory.
To each new top management, he stressed the importance of “home rule” as a means of assuring loyalty and performance in the plant. He also tacitly encouraged each supervisor to go along with whatever cliques happened to form and dominate the shop floor. However, over time a gradual loss of competitive position, coupled with open conflict among cliques in the form of union disputes, led to the dismissal of the vice president. None of his successors could reassert control over the shop, and the company eventually moved or liquidated many of the operations in this plant.

‘Life Dramas’
Faulty coalitions and unconscious collusions, as I have illustrated, can result from the defensive needs of a chief executive. These needs, which often appear as a demand on others to bolster the self-esteem of the chief executive, are tolerated to a remarkable degree and persist for a long time before harmful effects become apparent to outside stockholders, bankers, or boards of directors which ultimately control the distributions of power in organizations. Occasionally, corporations undergo critical conflicts in organizational politics which cannot be ignored in the conscious deliberations which affect how power gets distributed or used. Intertwined with the various expressions of power conflicts in organizations are three underlying “life dramas” deserving careful attention:

The first portrays stripping the powers of a parental figure.

The second portrays the predominance of paranoid thinking, where distortions of reality result from the surfacing of conflicts which formerly had been contained in collusions.

The third portrays a ritualistic ceremonial in which real power issues are submerged or isolated in compulsive behavior but at the cost of real problem solving and work.

Parental figure
The chief executive in a business, along with the heads of states, religious bodies, and social movements, becomes an object for other people. The term “object” should be understood, in a psychological sense, as a person who is the recipient of strong emotional attachments from others. It is obvious that a chief executive is the object because he controls so many of the levers which ultimately direct the flow of rewards and punishments. But there is something to say beyond this obvious calculation of rewards and punishments as the basis for the emotional attachments between leader and led as object and subject.

Where a leader displays unusual attributes in his intuitive gifts, cultivated abilities, or deeper personal qualities, his fate as the object is governed by powerful emotions. I hesitate to use the word “charismatic” to describe such a leader, partially because it suggests a mystique but also because, in its reference to the “great” man as charismatic leader, it expands to superhuman proportions what really belongs to the psychology of everyday life.

What makes for strong emotional attachments is as much in the need of the subject as in the qualities of the object. In other words, the personalities of leaders take on proportions which meet what subordinates need and even demand. If leaders in fact respond with the special charisma that is often invested in them at the outset, then they are parties to a self-fulfilling prophecy. Of course, the qualities demanded have to be present in some nascent form ready to emerge as soon as the emotional currents become real in authority relationships.

The emotional attachments I am referring to usually contain mixtures of positive and negative feelings. If the current were only of one kind, such as either admiration or hostility, then the authority relationship would be simpler to describe as well as to manage. All too often, the way positive feelings blend into the negative sets off secondary currents of emotion which intensify the relationships. On the one side, subordinates cannot help but have fantasies of what they would do if they held the No. 1 position. Such fantasies, besides providing fleeting pleasures and helping one to regulate his ambitions, also provide channels for imaginative and constructive approaches to solving problems. It is only a short step from imagining what one would do as chief executive to explaining to the real chief executive the ideas which have been distilled from this flight into fantasy. If the chief executive senses envy in back of the thoughts, he may become frightened and choke off ideas which can be used quite constructively.

Critical episode:
But suppose a situation arises where not one but several subordinates enjoy the same fantasy of being No. 1? Suppose also that subordinates feel deprived in their relationship with the chief executive? Suppose finally that facing the organization there are substantive problems which are more or less out of control. With these three conditions, and depending on the severity of the real problems besetting the enterprise, the stage is set for a collision which, when acted out, becomes a critical episode of displacing the parental figure.

To demonstrate:

• In November 1967, the directors of the Interpublic Group, a $700 million complex in advertising and public relations, moved for the resignation of the leader and chief executive officer, Marion Harper, Jr. Briefly, Harper had managed over a period of 18 years to build the world’s largest conglomerate in market services, advertising, and information on the base of a personally successful agency career. In expanding from this base, Harper made acquisitions, started new companies, and widened his orbit into international branches and companies.

As often happens, the innovator and creative person is careless in controlling what he has built so that financial problems become evident. In Harper’s case, he appeared either unwilling or unable to recognize the seriousness of his financial problems and, in particular, the significance of allowing cash balances to go below the minimum required in agreements with lending institutions.

Harper seemed careless in another, even more telling, way. Instead of developing a strong coalition among his executive group, he relied on individual ties to him in which he clearly dominated the relationship. If any of the executives “crossed” him, Harper would exile the offender to one of the “remote” branches or place him on partial retirement.
When the financial problems became critical, the aggrieved executives who had once been dependent on Harper and then cast out, formed their own coalition, and managed to garner the votes necessary to, in effect, fire the head man. Although little information is available on the aftermath of this palace revolution, the new coalition had its own problems—which, one would reasonably judge, included contentions for power.

A cynic viewing this illustration of the demise of a parental figure could conclude that if one seeks to maintain power by dominance, then one had best go all the way. This means that to take some but not all of the power away from rebellious sons sets the stage for a cabal among the deprived. With a score to settle, they await only the right circumstances to move in and depose the aggressor.

While this cynical view has its own appeal, it ignores the deeper issues of why otherwise brilliant men fail to recognize the realistic needs for coalitions in the relationships of superior and subordinates. To answer this question, we would need to understand how powerful people operate with massive blind spots which limit vision and the ability to maneuver in the face of realistic problems.

The one purpose that coalitions serve is to guard against the effects of blind spots, since it is seldom the case that two people have identical limitations in their vision and ability to respond. The need to control and dominate in a personalistic sense is perhaps the most serious of all possible blind spots which can affect a chief executive, because he makes it difficult for people to help him, while creating grievances which sooner or later lead to attacks on him.

The unseating of a chief executive by a coalition of subordinates seldom reduces the emotional charge built up in the uncertain attachments to the ousted leader. A new head man has to emerge and establish a confident coalition. Until the contentions for power subside and the guilt reactions attached to deposing the leader dissolve, individuals remain vulnerable to their own blind spots and unconscious reactions to striving for power.

The references to a parental figure in the preceding discussion may appear to exaggerate the meaning of power conflicts. In whatever ways it exaggerates, it also condenses a variety of truths about coalitions among executives. The chief executive is the central object in a coalition because he occupies a position analogous to parents in the family. He is at the nucleus of a political structure whose prototype is the family in which jealousy, envy, love, and hate find original impetus and expression.

It would be a gross error to assume that in making an analogy between the family and formal organizations the parental role is strictly paternal. There are also characteristics of the mother figure in certain types of chief executives and combinations of mother-father in the formation of executive coalitions.

Chief executives can also suffer from depersonalization in their roles and as a result become emotionally cold and detached. The causes of depersonalization are complex but, in brief, have some connections to the narrow definitions of rationality which exclude the importance of emotions in guiding communication as well as thought.

For the purpose of interpreting how defensive styles affect the behavior of leaders, there is some truth to the suggestion that the neutrality and lack of warmth characteristic of some leaders is a result of an ingrained fear of becoming the object for other people—for to become the object arouses fears that subordinates will become envious and compete for power.

**Paranoid thinking**

This is a form of distortion in ideas and perception to which all human beings are susceptible from time to time. For those individuals who are concerned in their work with the consolidation and uses of power, the experience with suspiciousness, the attribution of bad motives to others, jealousy, and anxiety (characteristics of paranoid thinking), may be more than a passing state of mind.

In fact, such ideas and fantasies may indeed be communicated to others and may even be the main force which binds men into collusions. Organizational life is particularly vulnerable to the effects of paranoid thinking because it stimulates comparisons while it evokes anticipations of added power or fears of diminished power.

To complicate matters even more and to suggest just how ambiguous organizational decisions become, there may be some truth and substance in back of the suspicions, distrust, and jealousies which enflame thinking. Personality conflicts do affect decisions in allocating authority and responsibility, and an individual may not be distorting at all to sense that he had been excluded or denied an ambition based on some undercurrents in his relationships with others. To call these sensitivities paranoid thinking may itself be a gross distortion. But no matter how real the events, the paranoid potential is still high as a fallout of organizational life.

Paranoid thinking goes beyond suspiciousness, distrust, and jealousy. It may take the form of grandiose ideas and overestimation of one’s power and control. This form of distortion leads to swings in mood from elation to despair, from a sense of omnipotence to helplessness. Again, when acted out, the search for complete control produces the tragedies which the initial distortions attempt to overcome. The tragedy of Jimmy Hoffa is a good case in point. Consider:

- From all indications, Hoffa performed brilliantly as president of the teamsters’ union. He was a superb organizer and bargainer, and in many ways a highly moral and even prudish man. There is little evidence to support allegations that he used his office to enrich himself. Hoffa’s troubles stemmed from his angry reactions when he could not get his way in managing the union’s pension fund and from his relations with the government. In overestimating his power, Hoffa fell victim to the illusion that no controls outside himself could channel his actions. At this writing, Hoffa is serving a sentence in Lewisburg Penitentiary, having been found guilty of tampering with evidence. It is interesting to note that Hoffa’s successor delegated considerable authority to regional officers, a step that removed him from direct comparisons with Hoffa and served to cement a coalition of top officers in the teamsters.

Executives, too, can be victims of their successes just as much as of their failures. If past successes lead to the false sense of omnipotence which goes unchecked in, say, the executive’s control of the board of directors, then he and his organization become the victims of changing times and competitive pressures along with the weakening in perception and reasoning which often accompanies aging.
One could speculate with some reason that paranoid distortions are the direct result of senility and the inability to accept the fact of death. While intellectually aware of the inevitability of death, gifted executives can sometimes not accept emotionally the ultimate in the limitations of power. The disintegration of personality in the conflict between the head and the heart is what we come to recognize as the paranoid potential in all forms of our collective relations.

Ritualistic ceremonial

Any collective experience, such as organizational life with its capacity for charging the atmosphere in the imagery of power conflicts, can fall victim to rigidities. The rigidities I have in mind consist mainly of the formation and elaboration of structures, procedures, and other ceremonials which create the illusion of solving problems but in reality only give people something to act on to discharge valuable energies.

The best example of a ritualistic approach to real problems is the ever-ready solution of bringing people together in a committee on the naive grounds that the exchange of ideas is bound to produce a solution. There are even fads and fashions to ritualism as in the sudden appearance of favorite words like “brainstorming” or “synergism.”

It is not that bringing people together to discuss problems is bad. Instead, it is the naive faith which accompanies such proposals, ultimately deflecting attention from where it properly belongs. Thus:

- In one research organization, professionals faced severe problems arising from personal jealousies as well as differences of opinion on the correct goals and content for the research program. Someone would periodically suggest that the problems could not be solved unless people came together, preferably for a weekend away from the job, to share ideas and really get down to the “nitty-gritty” of the problem. (It is interesting to note that no one ever defines the “nitty-gritty.”) The group would indeed follow such suggestions and typically end the weekend with a feeling of euphoria brought on by considerable drinking and a sumptuous meal.

- The most concrete proposal for action was in the idea that the basic problem stemmed from the organization’s increased size so that people no longer knew one another and their work. The solution which appeared, only shortly to disappear, was to publish a laboratory newsletter that would keep people abreast of their colleagues’ newest ideas.

In a more general vein, ritualism can be invoked to deal with any real or fancied danger, with uncertainty, ambivalent attitudes, or a sense of personal helplessness. Rituals are used even in the attempt to manipulate people. That power relations in organizations should become a fertile field for ritualism should not surprise anyone.

As I have tried to indicate, the problems of organizational life involve the dangers associated with losses of power; the uncertainties are legion especially in the recognition that there is no one best way to organize and distribute power, and yet any individual must make a commitment to some form of organization.

Ambivalent attitudes, such as the simultaneous experience of love and hate, are also associated with authority relationships, particularly in how superior-subordinate become the subject and object for the expression of dependency reactions. In addition, the sense of helplessness is particularly sensitized in the events which project gains and losses in power and status.

Finally, superior and subordinate in any power structure are constantly tempted to manipulate each other as a way of gaining control over one’s environment, and the more so when there is a lack of confidence and credibility in the organization’s efforts to solve problems in realistic ways.

The negative effects of ritualism are precisely in the expenditure of energy to carry out the rituals and also in the childish expectation that the magic formulas of organizational life substitute for diagnosing and solving real problems. When the heads of organizations are unsure of the bases for the exercise of power and become defensive, the easy solution is to play for time by invoking rituals which may temporarily relieve anxiety.

Similarly, when executives fail to understand the structure and potential of the power coalitions they establish (either consciously or unconsciously), they increasingly rely on rituals to deflect attention away from their responsibilities. And, when leaders are timid men incapable of initiating or responding, the spontaneous reaction is to use people to act out rituals. Usually, the content and symbolism in the rituals provide important clues about the underlying defensiveness of the executive.

Obsessional leaders:

The gravitational pull to ceremonies and magic is irresistible. In positions of power, obsessional leaders use in their public performance the mechanisms of defense which originate in their private conflicts. These defenses include hyper-rationality, the isolation of thought and feeling, reactive behavior in turning anger into moral righteousness, and passive control of other people as well as their own thought processes.

Very frequently, particularly in this day and age of psychologizing conflict, obsessive leaders “get religion” and try to convert others into some new state of mind. The use of sensitivity training with its attachment to “openness” and “leveling” in power relations seems to be the current favorite.

What these leaders do not readily understand is the fallacy of imposing a total solution for the problem of power relations where reality dictates at best the possibility of only partial and transient solutions. To force openness through the use of group pressure in T-groups and to expect to sustain this pressure in everyday life is to be supremely ritualistic. People intelligently resist saying everything they think to other people because they somehow have a deep recognition that this route leads to becoming overextended emotionally and, ultimately, to sadistic relationships.

Intelligent uses of power:
The choice fortunately is not between ritualistic civility and naive openness in human relationships, particularly where power is concerned. In between is the choice of defining those partial problems which can be solved and through which bright people can learn something about the intelligent uses of power.

We should not lose sight of the basic lesson that people in positions of power differ from “ordinary” human beings mainly in their capacity to impose their personal defenses onto the stage of corporate life. Fortunately, the relationships are susceptible to intelligent management, and it is to the nature of this intelligence that I wish to address the conclusion of this article.

**Coming Full Circle**

The main job of organizational life, whether it concerns developing a new political pyramid, making new appointments to executive positions, or undertaking management succession at top levels, is to bring talented individuals into location for the legitimate uses of power. This is bound to be a highly charged event in corporate relationships because of the real changes in power distributions and the emotional reactions people experience along with the incremental gains and losses of power.

The demand, on the one hand, is for objectivity in assessing people and needs (as opposed to pseudorationality and rationalizing). This objectivity, on the other hand, has to be salvaged from the impact of psychological stresses which impel people to act out fantasies associated with power conflicts. The stresses of change in power relations tend to increase defensiveness to which counterreactions of rationalizing and of myth making serve no enduring purpose except perhaps to drive underground the concerns which make people react defensively in the first place.

**Stylistic biases**

Thought and action in the politics of organizational life are subject to the two kinds of errors commonly found in practical life: the errors of omission and those of commission. It is both what people do and what they neglect to do that result in the negative effects of action outweighing the positive. But besides the specific errors of omission and commission (the tactical aspects of action), there are also the more strategic aspects which have to be evaluated. The strategic aspects deal both with the corporate aims and objectives and with the style of the leaders who initiate change.

In general, leaders approach change with certain stylistic biases over which they may not have too much control. There is a preferred approach to power problems which derives from the personality of the leader and his defenses as well as from the realities of the situation. Of particular importance as stylistic biases are the preferences for partial, as contrasted with total, approaches and the preferences for substance over form.

**Partial vs. total:**

The partial approaches attempt to define and segregate problems which become amenable to solution by directive, negotiation, consensus, and compromise. The total approaches usually escalate the issues in power relations so that implicitly people act as though it were necessary to undergo major conversions. The conversions can be directed toward personality structure, ideals, and beliefs, or toward values which are themselves connected to important aspects of personal experience.

When conversions become the end products of change, then one usually finds the sensitization of concerns over such matters as who dominates and who submits, who controls and who is being controlled, who is accepted and who is rejected. The aftermath of these concerns is the heightening of fantasy and defense at the expense of reality.

It may come as something of a disappointment to readers who are favorably disposed to psychology to consider the possibility that while organizations do have an impact on the attitudes of their constituent members, they cannot change personality structures or carry out therapeutic procedures. People may become more effective while working in certain kinds of organizations, but only when effectiveness is not dependent on the solution of neurotic conflict.

The advocates of total approaches seem to miss this point in their eagerness to convert people and organizations from one set of ideals to another. It becomes a good deal wiser, if these propositions are true, to scale down and make concrete the objectives that one is seeking to achieve.

A good illustration is in the attention given to decentralization of authority. Decentralization can be viewed in the image of conversion to certain ideals about who should have power and how this power should be used responsibly, or through an analytical approach to decide selectively where power is ill-placed and ill-used and to work on change at these locations. In other words, the theory of the partial approach to organizations asserts priorities and depends on good diagnostic observation and thought.

**Substance vs. form:**

Leaders can also present a stylistic bias in their preference for substance or form. Substance, in the language of organizations, is the detail of goals and performance—that is, who has to do what with whom to meet specific objectives. Form directs attention to the relationship of “who to whom” and attempts to achieve goals by specifying how the people should act in relation to each other.

There is no way in which matters of form can be divorced from substance. But students of organization should at least be clear that attention to form ahead of substance threatens a person’s sense of what is reasonable in undertaking actions. Attention to form may also present an implicit attack on one’s conception of his independence and freedom from constraint.

Making form secondary to substance has another virtue: it can secure agreement on priorities without the need of predetermining who will have to give way in the ultimate give-and-take of the negotiations that must precede decisions on organization structure.

The two dimensions of bias, shown in the Exhibit I matrix, along with the four cells which result, clarify different executive approaches to power. The two dimensions define the executive’s cognitive biases in: (1) selection of goals (partial vs. total), and (2) orientation toward action (form vs. substance).
is its promise of certainty in corporate relationships and in the depersonalization of power. The weaknesses of the bureaucratic approach are too familiar to need detailing here. Its major defect, however, is its inability to separate the vital from the trivial. It more easily commands energy over irrelevant issues because the latent function of the bureaucratic approach is to bypass conflict.

My contention here is that few important problems can be attended to without conflict of ideas and interests. Eventually organizations become stagnant because the bureaucratic approaches seldom bring together power and the vital issues which together make organizations dynamic.

The conversion approach (total-form) is notable through the human relations and sensitivity training movements as well as ideological programs, such as the Scanlon Plan and other forms of participative management. The popularity of “management by objectives” bears some scrutiny as a conversion movement directed toward power figures.

Another “total” approach which differs from conversion in its emphasis on substance is compliance with the directives of the powerful leader. This is the arena of the authoritarian personality (in both the leader, who has the power, and in the led, who seek submission), for whom personal power gets expressed in some higher goal that makes it possible for ends to justify means. The ideals may, for example, be race, as with dictator Adolf Hitler, or religion, as with Father Charles Coughlin, a dictator-type of the depression. In business, the illustrations are of a technological variety as with Frederick Winslow Taylor’s “scientific management” and Henry Ford’s automobile and assembly line.

Almost any technology can assume the proportions of the total approach if it is advanced by a charismatic leader and has deep emotional appeal. This explains the popularity of “management information systems,” “value analysis,” and “program planning and budgeting” which lead to a belief that the system itself is based on order, rationality, and control; therefore, the belief in turn helps to counteract the fears of chaos and lack of control which make people willing to demand total dependence and compliance in power relations. The effects of this fear on how people seek to arrange power relations in business, government, and the community cannot be overstated.

Problem-solving approach

It should be perfectly obvious by now that my favored approach to organizational life combines the biases in Exhibit I of the partial substantive quadrant which I have designated “problem solving.” From observation of competent business executives, we know it is precisely their ability to define problems worthy of thought and action and to use their organization to evolve solutions which characterize their style.

The contrary notion that executives are primarily caretakers, mediators, and seekers of consensus is more a myth than an accurate portrayal of how the competent ones attach themselves to power. To have power and not direct it to some substantive end that can be attained in the real world is to waste energy. The difficulties with the problem-solving approach are in risking power in favor of a substantive goal.

While there are no absolute right answers in problem solving, there are ways of evaluating the correctness of a program and plan. With a favorable average, the executive finds his power base enhanced and his ability to take risks increased.

The problem-solving approach to organization structure operates according to certain premises:

1. That organization structure is an instrument rather than an end. This means that a structure should be established or modified quickly instead of stringing out deliberations as though there actually exists a best and single solution for the problem of allocating power.
2. That organization structure can be changed but should not be tinkered with. This means that members of an executive organization can rely on a structure and can implement it without the uncertainty which comes from the constant modification of the organization chart.
3. That organization structure expresses the working coalition attached to the chief executive. In other words, the coalition has to be established de facto for the structure to mean anything. If the structure is out of line with the coalition, there will be an erosion of power and effectiveness. If no coalition exists in the minds of participants, putting it on paper in the form of an organization chart is nothing more than an academic exercise and a confusing one at that.
4. That organization structure represents a blend of people and job definitions, but the priority is in describing the structure to accommodate competent people. The reason for this priority lies in the fact that competent executives are hard to find. Therefore, as an ac-
tion principle, one should ensure the effective uses of the scarcest resources rather than conform to some ideal version of power relations.

5. That organization structure is a product of negotiation and compromise among executives who hold semi-autonomous power bases. The more the power base of an executive is his demonstrated competence, the greater his autonomy of power and therefore capacity to determine the outcome in the allocations of power.

The basic criticism of the problem-solving approach is in the danger of defining issues narrowly and ultimately undermining the moral-ethical basis of leadership. This criticism is valid, but as with so many problems in practical affairs, it can be overcome only by leaders who can see beyond the limits of immediate contingencies. In fact, I have tried to show throughout this article how the limitations of leaders, in both their cognitive and their emotional capacities, become the causes of power problems.

We have therefore come full circle in this analysis: because power problems are the effects of personality on structure, the solutions demand thinking which is free from the disabilities of emotional conflicts. This insight is often the margin between enduring with what exists and taking those modest steps which align competence with institutional authority in the service of human needs.

**Workplace politics**

Workplace politics is the process and behavior in human interactions involving power and authority. It is also a tool to assess the operational capacity and to balance diverse views of interested parties. It is also known by other names like office politics and organizational politics. It is the use of power and social networking within an organization to achieve changes that benefit the organization or individuals within it. Influence by individuals may serve personal interests without regard to their effect on the organization itself. Some of the personal advantages may include access to tangible assets, or intangible benefits such as status or pseudo-authority that influences the behavior of others. On the other hand, organizational politics can increase efficiency, form interpersonal relationships, expedite change, and profit the organization and its members simultaneously.

Both individuals and groups may engage in office politics which can be highly destructive, as people focus on personal gains at the expense of the organization. "Self-serving political actions can negatively influence our social groupings, cooperation, information sharing, and many other organizational functions." Thus, it is vital to pay attention to organizational politics and create the right political landscape. "Politics is the lubricant that oils your organization's internal gears." Office politics has also been described as "simply how power gets worked out on a practical, day-to-day basis."

Psychologist Oliver James identifies the dark triadic personality traits (psychopathy, narcissism and Machiavellianism) to be of central significance in understanding office politics.

**The political landscape**

Political landscape is a set of hierarchies that link the political players together. In other words, political landscape is what defines relationships between colleagues at a given time. Drafting of this landscape begins with the leaders of the organization influencing the formal hierarchy; which defines the reporting structure and indicates the political setup of the organization as it was initially intended. Organizational hierarchies, each with its own unique political challenges, depend on many factors of the given organization. Said factors include organizational goals, size of the organization, number of resources available and the type of leaders within the organization.

Political landscape will change as individuals are introduced into the organizational mix. During the process of working together an informal hierarchy is established. The main link between individuals on a political landscape is the access to-in addition to-the flow of information. This hierarchy can be identified by applying numerical values to relationships in proportion to how much two individuals rate and value one another. The sum value of these relating to an individual establishes the place on the hierarchy. Two or more people estimating relationships and merging results can produce more certain results.

People quickly realize who the boss is, whom they depend on for valuable information, and who knows all the office gossip. It is very important to recognize where you fit in this landscape and what power and influence you have within the organization. It is important not only to use that power in pursuit of the organization's goals, but also to ensure others do not abuse it. "Each player in the organization has a role in the politics that grease the wheels of getting things done."

**Gossip**

Office politics differs from office gossip in that people participating in office politics do so with the objective of gaining advantage, whereas gossip can be a purely social activity. However, the two are somewhat related. Office gossip is often used by an individual to place themselves at a point where they can control the flow of information, and therefore gain maximum advantage. The secretive nature of organizational politics differentiates it from public gossip and thus, may be more harmful to the organization. Both can cause one to doubt the intentions of co-workers, which create a hostile work environment. Office politics also refers to the way co-workers act among each other. Employee interaction holds the potential to be either positive or negative (i.e. cooperative or competitive).

**Manipulation**

At the root of office politics is the issue of manipulation. Manipulation can be present in any relationship where one or more of the parties involved uses indirect means to achieve their goals. In the workplace, where resources are limited, individuals often have an incentive to achieve their goals at the expense of their colleagues. For example, if six people apply for one promotion, they might expect the selection to be made purely on merit. If one of the candidates were to believe that this would put them at a disadvantage, they may use other means of coercion or influence to put themselves into an advantageous position. When those who have fallen subject to the manipulation begin to talk to each other directly—or when other evidence comes to light such as financial results—the manipulator will have an explanation ready but will already be planning their exit, as they are driven to stay in control, not to face a revelation which would expose their behavior.
Aims
The aims of office politics or manipulation in the workplace are not always increased pay or a promotion. Often, the goal may simply be greater power or control for its own end; or to discredit a competitor. Office politics do not necessarily stem from purely selfish gains. They can be a route towards corporate benefits, which give a leg up to the company as a whole, not just an individual. A 'manipulator' will often achieve career or personal goals by co-opting as many colleagues as possible into their plans. Despite the fact that the hidden agenda is a personal victory, allying with unsuspecting co-workers strengthens the manipulator’s personal position and ensures that they will be the last person accused of wrongdoing.

Issues
Office politics is a major issue in business because the individuals who manipulate their working relationships consume time and resources for their own gain at the expense of the team or company.

In addition to this problem, the practice of office politics can have an even more serious effect on major business processes such as strategy formation, budget setting, performance management, and leadership. This occurs because when individuals are playing office politics, it interferes with the information flow of a company. Information can be distorted, misdirected, or suppressed, in order to manipulate a situation for short-term personal gain.

Games
One way of analyzing office politics in more detail is to view it as a series of games. These games can be analyzed and described in terms of the type of game and the payoff. Interpersonal games are games that are played between peers (for example the game of "No Bad News" where individuals suppress negative information, and the payoff is not risking upsetting someone); leadership games are played between supervisor and employee (for example the game of "Divide and Conquer" where the supervisor sets his employees against each other, with the payoff that none threatens his power base); and budget games are played with the resources of an organization (for example the game of "Sandbagging" where individuals negotiate a low sales target, and the payoff is a bigger bonus).

Dealing with organizational politics
Organizational politics is itself similar to a game, one that requires an assumption of risks just like any contact sport. "It must be played with diligence and a full understanding of the landscape, players and rules." "The dynamics of the situation should always dictate a reexamination of the players and how they fit into the landscape." One must be careful relying on alliances made on previous circumstances; once the situation changes, alliances need to be reassessed. Building strong alliances will maximize the efficiency of the collective political radar and alert you before conflicts arise. In time of conflict, data-driven employees who rely on hard facts will have an easier time diffusing political conflicts. Always looking out for the best interests of your company is a certain way to insure that your motivation will remain unquestioned. L.A. Witt, from the University of New Orleans, through his findings, believes that if supervisors were to mold employee values to match their own, it would protect employees from the negative effects of organizational politics and help improve their performance.

Different Types of Power
Power has been an important aspect of human civilization since time immemorial. Power might be physical, political or social. In the context of business as well, power dynamics tend to influence decisions and people transactions heavily. So defining power can be difficult as it is understood and interpreted in several ways however power can definitely not be called a force which gets you what you want. Power basically emanates from position or authority which can influence people both positively and negatively.

For simplicity and understanding purposes power is usually classified into following categories:

1. **Coercive Power** - This kind of power involves the usage of threat to make people do what one desires. In the organizational setup, it translates into threatening someone with transfer, firing, demotions etc. it basically forces people to submit to one’s demand for the fear of losing something.

2. **Reward Power** - As the name suggests, this type of power uses rewards, perks, new projects or training opportunities, better roles and monetary benefits to influence people. However an interesting aspect of this type of power is that, it is not powerful enough in itself, as decisions related to rewards do not rest solely with the person promising them, because in organizations, a lot of other people come into play like senior managers and board.

3. **Legitimate Power** - This power emanates from an official position held by someone, be it in an organization, bureaucracy or government etc. The duration of this power is short lived as a person can use it only till the time he/she holds that position, as well as, the scope of the power is small as it is strictly defined by the position held.

4. **Expert Power** - This is a personal kind of power which owes its genesis to the skills and expertise possessed by an individual, which is of higher quality and not easily available. In such a situation, the person can exercise the power of knowledge to influence people.

   Since, it is very person specific and skills can be enhanced with time; it has more credibility and respect.

5. **Referent Power** - This is a power wielded by celebrities and film stars as they have huge following amongst masses who like them, identify with them and follow them. Hence, they exert lasting influence on a large number of people for a large number of decisions; like from what car to buy to which candidate to choose for a higher office in the country.

So, power can be defined in a number of ways however what is important is the usage of the power by people who possess it. Within the organizational context the power dynamics and equations need to be carefully managed as they have a huge impact on the motivation and engagement level of employees. It also defines the organization’s culture in general and people transactions within the organization in particular. A very hierarchy and power driven organization finds it difficult to accommodate new and innovative ideas, any change is vehemently refused, egos clash and lesser opportunities are made available for the high performers, thus delaying organiza-
Empowering employees is the ongoing process of providing the tools, training, resources, encouragement and motivation your workers need to perform at the optimum level. If your organization is looking for a way to speed processes and still produce quality materials and services, focus on employee empowerment. When you show an employee you trust her, and give her timely information and the authority to find solutions, she will be able to solve problems and provide solutions more rapidly than someone without that empowerment.

**Empowerment** is defined as, “the process that provides greater autonomy to employees through the sharing of relevant information in the provision of control over factors affecting job performance.” Empowerment helps remove the conditions that cause powerlessness while enhancing employee feelings of self-efficacy.

**Importance of Employee Performance in Business Organizations**

**Creativity** - When an employee feels a sense of accomplishment and feels valued, he is more likely to engage in critical and creative thinking. He will feel more capable and inspired to devise situations in unconventional ways, which can lead to better product development. When you empower an employee to think for himself and take initiative, he may find unique ways to add to your company’s worth, market your services to clients and revise processes or policies that no longer are efficient. This removes some of the pressure on management to constantly innovate and stay ahead of the industry.

**Job Satisfaction** - Empowerment provides your employee with a sense of autonomy, which will increase her job satisfaction. She will be more comfortable at work because develops confidence and a sense of worth. A happy employee provides the best customer service, and leaves a good impression of your company with whomever she speaks. This translates into personal or career growth for your worker and increased sales for your company.

**Decision-Making** - In a world in which technology changes daily, and customers find information, products and services in increasingly diverse ways, your employees need to make quick decisions that benefit your operation. If you’ve spent time and effort providing training in decision-making, the employees most likely will respond to change quickly and find new ways to meet customer demands.

**Loyalty** - An employee's loyalty is more likely to work hard and promote the company when the opportunity arises. He also is less likely to leave your company, and is more likely to recommend other qualified individuals for job openings.

**The Empowerment Process**

The need to empower subordinates becomes critical when subordinates feel powerless. Thus it is important to identify conditions within an organization that foster a sense of powerlessness among subordinates. Once these conditions are identified, empowerment strategies and tactics can then be used to remove them. However, removing external conditions is not always possible, and it may not be sufficient for subordinates to become empowered unless the strategies and tactics directly provide personal efficacy information to them. Bandura (1986) suggested several sources from which individuals directly receive information about their personal efficacy, and these sources should be used in developing empowerment strategies. Conceived this way, the process of empowerment can be viewed...
in five stages that include the psychological state of empowering experience, its antecedent conditions, and its behavioural consequences. The five stages are shown in Figure 1. The first stage is the diagnosis of conditions within the organization that are responsible for feelings of powerlessness among subordinates. This leads to the use of empowerment strategies by managers in Stage 2. The employment of these strategies is aimed not only at removing some of the external conditions responsible for powerlessness, but also (and more important) at providing subordinates with self-efficacy information in Stage 3. As a result of receiving such information, subordinates feel empowered in Stage 4, and the behavioural effects of empowerment are noticed in Stage 5.

**What Is a Learning Organization?**

Organizational learning is the process of creating, retaining, and transferring knowledge within an organization. An organization improves over time as it gains experience. From this experience, it is able to create knowledge. This knowledge is broad, covering any topic that could better an organization. Examples may include ways to increase production efficiency or to develop beneficial investor relations. Knowledge is created at four different units: individual, group, organizational, and inter organizational. The most common way to measure organizational learning is a learning curve. Learning curves are a relationship showing how as an organization produces more of a product or service, it increases its productivity, efficiency, reliability and/or quality of production with diminishing returns. Learning curves vary due to organizational learning rates.

Organizational learning rates are affected by individual proficiency, improvements in an organization’s technology, and improvements in the structures, routines and methods of coordination.

**Relevance** - Organizational learning happens as a function of experience within an organization and allows the organization to stay competitive in an ever-changing environment. Organizational learning is a process improvement that can increase efficiency, accuracy, and profits. A real-world example of organizational learning is how a new pizza store will reduce the cost per pizza as the cumulative production of pizzas increases. As the staff creates more pizza; they begin to make pizzas faster, the staff learns how to work together, and the equipment is placed in the most efficient location leading to cheaper costs of creation. Organizational learning is an aspect of organizations and a subfield of organizational studies. As an aspect of an organization, organizational learning is the process of creating, retaining, and transferring knowledge. Knowledge creation, knowledge retention, and knowledge transfer can be seen as adaptive processes that are functions of experience. Experience is the knowledge that contributes to the procedural understanding of a subject through involvement or exposure. Research within organizational learning specifically applies to the attributes and behavior of this knowledge and how it can produce changes in the cognition, routines, and behaviors of an organization and its individuals.

Individuals are predominantly seen as the functional mechanisms for organizational learning by creating knowledge through experience. However, individuals' knowledge only facilitates learning within the organization as a whole if it is transferred. Individuals may withhold their knowledge or exit the organization. Knowledge that is embedded into the organization, in addition to its individuals, can be retained. Organizations can retain knowledge in other ways than just retaining individuals, including using knowledge repositories such as communication tools, processes, routines, networks, and transactive memory systems.

As a subfield, organizational learning is the study of experience, knowledge, and the effects of knowledge within an organizational context. The study of organizational learning directly contributes to the applied science of knowledge management (KM) and the concept of the learning organization. Organizational learning is related to the studies of organizational theory, organizational...
communication, organizational behavior, organizational psychology, and organizational development. Organizational learning has received contributions from the fields of educational psychology, sociology, economics, anthropology, political science, and management science.

**Units of learning:** Organizations gain knowledge in one of the four organizational units of learning: individual, team, organizational, and inter-organizational. Organizational learning involves the process through which organizational units (e.g. groups, departments, divisions) change as a result of experience. An example of organizational learning is a hospital surgical team learning to use new technology that will increase efficiency.

- **Individual learning** is the smallest unit at which learning can occur. An individual learns new skills or ideas, and their productivity at work may increase as they gain expertise. The individual can decide whether or not to share their knowledge with the rest of the group. If the individual leaves the group and doesn't share their knowledge before leaving, the group loses this knowledge. In their study of software development, Boh, Slaughter and Espinosa (2007) found that individuals were more productive the more specialized experience they had with a certain system.

- **Group learning** is the next largest unit at which learning can occur. Group learning happens when individuals within a group "acquire, share, and combine knowledge through experience with one another". There are conflicting definitions of group learning among researchers studying it. One belief is that group learning is a process in which a group takes action, gets feedback, and uses this feedback to modify their future action. Another belief is that group learning happens when a member shares their individual knowledge with other group members. Once this happens, individual learning turns into group learning. Reagans, Argote, and Brooks (2005) studied group learning by examining joint-replacement surgery in teaching hospitals. They concluded that "increased experience working together in a team promoted better coordination and teamwork." Working together in a team also allowed members to share their knowledge with others and learn from other members.

- **Organizational learning** is the way in which an organization creates and organizes knowledge relating to their functions and culture. Organizational learning happens in all of the organization's activities, and it happens in different speeds. The goal of organizational learning is to successfully adapt to changing environments, to adjust under uncertain conditions, and to increase efficiency. According to Argote (1993), managers in manufacturing plants saw organization learning occur when they found ways to make individual workers more proficient, improve the organization's "technology, tooling, and layout," improve the organization's structure, and determine the organization's strengths.

- **Interorganizational learning** is the way in which different organizations in an alliance collaborate, share knowledge, and learn from one another. An organization is able to improve its "processes and products by integrating new insights and knowledge" from another organization. By learning from another organization, an organization is able to cut time costs, decrease the risks associated with problem solving, and learn faster. Learning from another organization can mean either applying the same ideas used by that organization or modifying those ideas, thereby creating innovation. Inter-organizational learning occurs frequently in fixed business models, such as franchising. The franchisee looking to use the franchisor's brand has to learn how to use the organization's business model before starting a franchise.

**History of study** - The origin of the focused study of organizational learning can be traced to the late 1970s, when researchers studied it from a psychological viewpoint. Key advances in the field include:

- **Behavioral psychology and organizational development:** In their 1978 work on organizational learning, Chris Argyris and Donald Schön developed the concepts of single-loop and double-loop learning. Single-loop learning is the process in which a mistake is corrected by using a different strategy or method that is expected to yield a different, successful outcome. Take, for example, a person who acts a certain way to accomplish a certain goal. If this person's actions fail in accomplishing the goal, with single-loop learning, this person will reflect on their previous actions and, going forward, they will take a different set of actions to accomplish the same goal. Double-loop learning, on the other hand, is a more complicated process in which a mistake is corrected by rethinking the initial goal. In the previous example, the person would show double-loop learning if they chose to reevaluate their goal and beliefs instead of simply reassessing their failed actions. They will then take a set of actions that are aligned with their reevaluated goals and beliefs. Argyris and Schön explain that both single-loop and double-loop learning processes are present in organizations and are two types of organizational learning. Single-loop learning occurs when an organization detects a mistake, corrects it, and carries on with its present policies and objectives. Double-loop learning occurs when an organization detects a mistake and changes its policies and objectives before it can take corrective actions.

- **Adaptation and routines:** In their book defining the behavioral theory of the firm, Richard Cyert and James G. March described organizational learning as an organization's adaptive behavior over time. This consists of the adaptation of goals, adaptation in attention rules, and adaptation in search rules. Part of organizational learning is setting goals and changing these goals over time. They change along with an organization's members are established as problems arise. When setting goals, an organization should consider three variables: "the organization's past goal, the organization's past performance, and the past performance of other 'comparable' organizations." Adapting an organization's attention rules consists of determining which parts of an organization's environment requires most attention. Cyert and March give the example of the criteria an organization uses to evaluate employees' performances. Over time, organizations learn which criteria to use for their evaluations and how much weight to assign to each criterion. They also use the example of selecting which criteria to use when comparing one's organization with a similar one. An organization's adaptation in search rules refers to its ability to find solutions for its problems. Since a solution depends on the problem, an organization's search rules will change accordingly. Typically, an organization will be more likely to search for a solution a certain way if this search method
Learning curves by Dutton & Thomas (1984): John M. Dutton and Annie Thomas organized field studies on various industries to study the rates of learning in organizations. They found that workers' errors and/or costs decrease as they learn from experience. However, since the knowledge that workers can learn decreases over time, they cannot improve their performance at a constant rate. Instead, the rate by which they improve decreases with more experience. Dutton and Thomas also found that there are four causal categories that affect a firm's progress. Two categories, exogenous and endogenous learning, describe the source of a firm's progress. Exogenous learning occurs when a firm acquires information from external sources that allow it to progress. Examples of external sources include suppliers, customers, competitors, and government. Endogenous learning occurs when employees learn from within the firm, which is "manifested by technical changes, direct-labor learning, and smoothing production flows." The other two categories, induced and autonomous learning, describe the environments in which progress occurs. Induced learning occurs when a firm makes investments or adds resources to an environment to make it conducive for learning. Autonomous learning occurs when sustained production leads to automatic improvements over long periods of time.

Knowledge - Knowledge is an indicator of organizational learning. Organization learning happens when there is a change in the knowledge of an organization. Researchers measure organizational knowledge in various ways. For example, some researchers assess knowledge as changes in an organization's practices or routines that increase efficiency. Other researchers base it on the number of patents an organization has. Knowledge management is the process of collecting, developing, and spreading knowledge assets to enable organizational learning.

Nature of knowledge - Knowledge is not simply a homogenous resource. Although it is related to data and information, knowledge is different from these constructs. Data are a set of defined, objective facts concerning events, while information is a value-added form of data that adds meaning through contextualization, categorization, calculation, correction, or condensation. Knowledge is the applied version of information, a combination of information within experience, framing, value, contextualization, and insight. Experience is knowledge that is generated through exposure to and application of knowledge. Knowledge originates within and is applied by units of an organization to evaluate and utilize experience and information effectively. Knowledge can become embedded within repositories, routines, processes, practices, tools, and norms, depending on the relationship between information, experience, and knowledge. Two distinct forms of knowledge, explicit and tacit, are significant in this respect. Explicit knowledge is codified, systematic, formal, and easy to communicate. Tacit knowledge is personal, context-specific, subjective knowledge.

Explicit knowledge is knowledge that is easy to transfer. Unlike tacit knowledge, explicit knowledge is declarative or factual. It is transferred through written, verbal, or codified media. Examples of this include instructions, definitions, and documents. Among its employees, Toyota spreads explicit knowledge about its assembly line production. Toyota requires each team of workers and each individual worker to document their tasks, providing detailed descriptions on "how each task is to be performed, how long each task should take, the sequence of steps to be followed in performing each task, and the steps to be taken by each worker in checking his or her own work." This uses explicit knowledge since the knowledge is passed along using a code, which is a document of detailed descriptions in Toyota's case.

Tacit knowledge is knowledge that is difficult to transfer. As first described by Michael Polanyi, tacit knowledge is the knowledge of procedures. It is a personal type of knowledge that cannot be shared simply through written or verbal communication. It is learned mostly through experience over time. For example, Toyota transfers tacit knowledge whenever it opens a new assembly factory. To train its new employees for a new factory, Toyota sends a group of its new employees to work at one of its established factories, where experienced employees train them. After this long-term training, they are sent back to the new factory to transfer their production knowledge to the rest of the new employees. This is a transfer of tacit knowledge since this knowledge is too complex to be codified and passed along through a document. This knowledge can only be transferred to new employees through practice and experience.

Measuring learning - Organizational learning tracks the changes that occur within an organization as it acquires knowledge and experience. To evaluate organizational learning, the knowledge an organization creates, transfers, and retains must be quantified. Researchers studying organizational learning have measured the knowledge acquired through various ways since there is no one way of measuring it. Silvia Gherardi measured knowledge as the change in practices within an organization over time, which is essentially learning from experience. In her study, she observed an organization acquire knowledge as its novices working at building sites learned about safety through experience and became practitioners. George Huber measured knowledge as the distribution of information within an organization. In his study, he noted that "organizational components commonly develop 'new' information by piecing together items of information that they obtain from other organizational units." He gives the example of "a shipping department [that] learns that a shortage problem exists by comparing information from the warehouse with information from the sales department."

An increasingly common and versatile measure of organizational learning is an organizational learning curve demonstrating experience curve effects. A learning curve measures the rate of a metric of learning relative to a metric for experience. Researcher Linda Argote explains
that "large increases in productivity typically occur as organizations gain experience in production." However, Argote also notes that organizations’ rates of learning vary. Argote identifies three factors that affect these rates: increased proficiency of individuals, improvements in an organization’s technology, and improvements in its structure (such as its routines and methods of coordination). Some organizations show great productivity gains while others show little or no gains, given the same amount of experience.

The experience curves in Fig 1 plot the decreasing unit cost versus the total cumulative units produced, a common way to measure the effect of experience. The linear-linear input form on the left is transformed into the log-log form on the right to demonstrate that the proficiency increase correlates with experience.

Theoretical models - Attempts to explain variance of rates in organizational learning across different organizations have been explored in theoretical models. Namely the theoretical models conceived by John F. Muth, Bernardo Huberman, and Christina Fang.

- The Muth Model (1986) was the first to represent the learning curve in a log-linear form and focused on cost effectiveness in organization processes. This model looks at the relationship between unit cost and experience, stating that cost reductions are realized through independent random sampling, or randomized searches, from a space of technological, managerial, or behavioral alternatives. This model did not aim to explore variation across firms, but solely looked at improvements in production with experience within a single firm.

- The Huberman Model (2001) filled that void and aimed at explaining the variation missing from Muth’s model and focuses on finding increasingly shorter and more efficient paths from end to end of an assembly process. This model is visualized best in a connected graph with nodes that represent stages in a process and links that represent the connecting routines. By way of this model, learning can occur through two mechanisms that shorten the route from the initial stage to the final stage. The first is by some shortcut that can be identified by looking at the nodes and mapping and discovering new routines, the ideal goal being able to eliminate certain touch points and find shorter paths from the initial to final node. The second mechanism involves improving the routines: the organization can work to select the most efficacious link between two nodes such that, if an issue ever arises, members of an organization know exactly how to approach, saving them a considerable amount of time.

- The Fang Model (2011) shares a major goal with the Huberman model: to gradually decrease the steps towards the final stage. However, this model takes more of a “credit assignment” approach in which credit is assigned to successive states as an organization gains more experience, and then learning occurs by way of credit propagation. This implies that as an organization gains more experience with the task, it is better able to develop increasingly accurate mental models that initially identify the values of states closer to the goal and then those of states farther. This then leads to a reduced number of steps to reach the organization’s final goal and can thus improve overall performance.

Context and learning - An organization's experience affects its learning, so it is important to also study the context of the organizational climate, which affects an organization's experience. This context refers to an organization's characteristics, specifically its "structure, culture, technology, identity, memory, goals, incentives, and strategy." It also includes its environment, which consists of its competitors, clients, and regulators. While this context establishes how knowledge is acquired by the organization, this knowledge modifies context as the organization adapts to it. The leader-initiated cultural context of learning has inspired key research into whether the organization has a learning or performance orientation, an environment of psychological safety, the group’s superordinate identity, and group dynamics. Research into these concepts like Edmondson’s study (1999) shows that an organization operating under a context promoting curiosity, information sharing, and psychological safety encourages organizational learning. Understanding of group learning dynamics is becoming an increased focus as group-based work becomes more common. Groups share, generate, evaluate, and combine knowledge as they work together.

Organizational forgetting - Knowledge acquired through learning by doing can depreciate over time. The depreciation rate is affected by the turnover rate of individuals and how knowledge is stored within the organization. Organizations with high turnover rate are affected by higher rates of depreciation. Organizations with knowledge embedded in technology rather than individuals are more resistant to organizational forgetting. An example of real world organizational forgetting and knowledge depreciation is within the Liberty Shipyards study. In shipyards where relative input was reduced, individual unit cost increased even with increasing cumulative output. In shipyards with no relative input reduction, individual unit cost decreased with increasing cumulative output.

Processes - The findings of organizational learning research have identified the key processes that drive organizational learning, as well as its context and effects. These processes can be divided into three stages: knowledge creation, knowledge retention, and knowledge transfer.

Knowledge creation - Knowledge creation specifically concerns Experience that can be embedded within the organization. Experience is knowledge generated by direct exposure to the subject. This direct exposure is through tasks involving the needs, processes, and environment of the organization. Explicit and tacit knowledge are reinforced and become contextualized when the organization gains knowledge. While experience can produce outputs in data, information, or knowledge, experience in the form of knowledge is useful since this can be transferred, retained, and tacitly or explicitly utilized within organizational processes. Knowledge creation connects to creativity and its relationship to experience. Compared to knowledge transfer and knowledge retention, knowledge creation has not received much research attention.

Dimensions of experience are aspects of experience that impact the form and function of knowledge creation.

- The organizational dimension refers to the directness or indirectness of experience acquired in addition to the configurations of individuals, units, and networks.
The spatial dimension refers to the geographic concentration or dispersion of the experience.
The temporal dimension refers to frequency and pace at which the experience is acquired or its temporal relation to a task.
The content dimension refers to the subject task or unit, outcome, novelty, heterogeneity, and ambiguity.
The artificiality dimension refers to the directness of the experience and the degree to which the experience is fabricated, adapted, or transcribed.

Knowledge transfer - Knowledge transfer concerns the mechanisms by which experience spreads and embeds itself within the organization. Knowledge transfer can be evaluated using various metrics, including learning curves that demonstrate process improvements over time by comparing the decrease in labor hours to complete a unit of production with the cumulative units produced over time. Wright’s identification of organizational learning curves preceded more complex outcome considerations that now inform measures of knowledge transfer. While knowledge may transfer tacitly and explicitly as direct experience, organizations can introduce processes and knowledge management systems that facilitate this transfer. Researchers investigate the context of various factors and mechanisms affecting knowledge transfer to determine their beneficial and detrimental effects.

Factors on knowledge transfer include the dimensions of the knowledge described in the prior section, as well as the contexts in which it occurs and mechanisms through which it can occur:

- Relational context concerns whether knowledge is interconnected.
- Cognitive context concerns mental abilities and processes regarding knowledge.
- Motivational context of personal preferences and social influences affect direct or indirect knowledge transfer behaviors.
- Emotional context impacts mental state and sense of security, which affect knowledge transfer.
- Social Networks determine the flows through which knowledge can transfer and the node-based conditional limitations on transfer.
- Personnel movement between units and organizations impacts available knowledge and geographical, chronological, and social limitations on knowledge transfer.
- Routines impact knowledge transfer as they contain embedded knowledge and teach it through experience repeating the routine.
- Templates affect knowledge transfer as they affect the framing, priming, volume, and content parameters for formal exchanges of knowledge.
- Alliances impact knowledge transfer between formal and informal groups.

Knowledge retention - Knowledge retention concerns the behavior of knowledge that has been embedded within the organization, characterized by the organizational memory. Organizational memory, quantified by measures such as cumulative knowledge and the rate of decay over time, is impacted by experience, processes and knowledge repositories that affect knowledge retention. Knowledge repositories are of key significance as they are intentional remedies to increase retention. Repositories can include the organization’s rules and routines, altered by the processes of routine development and routine modification. Transactive memory systems are additional methods by which knowledge holders within the organization can be identified and utilized, subject to their development and performance. Organizations that retain the bulk of their knowledge in individuals are vulnerable to lose that information with high turn over rates. In a study of organizational learning in the automotive and fast food industries, Argote found that high turn over rates lead to lower productivity and decreased organizational memory.

Applications - Applications of organizational learning research and contexts for organizational learning facilitation and practices are numerous. Experience curves can be used to make projections of production costs, compare performance across units, identify the effects of various processes and practices, and make informed financial decisions about how to allocate resources. Utilizing knowledge transfer and retention concepts to recognize, maintain, and reclaim embedded knowledge can help organizations become more efficient with their knowledge. Organizational learning theories and knowledge management practices can be applied to organizational design and leadership decisions.

Knowledge management practices - Various knowledge management concepts and practices are the relevant products of organizational learning research. Work on knowledge transfer applies to knowledge retention and contributes to many of the applications listed below, including the practices of building learning organizations, implementing knowledge management systems, and its context for inter-organizational learning and the diffusion of innovations.

Development of learning organizations - Learning organizations are organizations that actively work to optimize learning. Learning organizations use the active process of knowledge management to design organizational processes and systems that concretely facilitate knowledge creation, transfer, and retention. Organizational metacognition is used to refer to the processes by which the organization ‘knows what it knows’. The study of organizational learning and other fields of research such as organizational development, System theory, and cognitive science provide the theoretical basis for specifically prescribing these interventions. An example of an organizational process implemented to increase organizational learning is the U.S. Army’s use of a formally structured de-briefs process called an after-action review (AAR) to analyze what happened, why it happened, and how it could be improved immediately after a mission. Learning laboratories are a type or learning organization dedicated to knowledge creation, collection, and control.

Learning organizations also address organizational climate by creating a supportive learning environment and practicing leadership that reinforces learning. Creating a supportive learning environment and reinforcing learning depends on the leadership of the organization and the culture it promotes. Leaders can create learning opportunities by facilitating environments that include learning activities, establishing a culture of learning via norms, behaviors, and rules, and lead processes of discourse by listening, asking questions, and providing feedback. Leaders must practice the individual learning they advocate for by remaining open to new perspectives, being aware of personal biases, seeking exposure to unfiltered and contradictory sources of information, and developing a sense of humility.
What is Creativity?

Creativity is a function of knowledge, curiosity, imagination, and evaluation. The greater your knowledge base and level of curiosity, the more ideas, patterns, and combinations you can achieve, which then correlates to creating new and innovative products and services. But merely having the knowledge does not guarantee the formation of new patterns. The bits and pieces must be shaken up and iterated in new ways. Then the embryonic ideas must be evaluated and developed into usable ideas. In other words, there really is a process.

Three important levels of creativity, which are discovery, invention, and creation.

1. Discovery: The lower level of creativity is discovery. Just as the name implies, it’s when you become aware of or stumble upon something—discover it. For example, there is art called “discovered art.” It might be a rock with a unique shape or a piece of wood with an interesting pattern. If you have ever purchased a piece of natural stone or wood art, that art was discovered art. Many inventions start with a discovery.

2. Invention: A higher level of creativity is invention. For example, Alexander Graham Bell invented the telephone. But you have to ask yourself, “Would the telephone have been invented without Bell?” The answer is yes. Eventually the telephone would have been invented because the science was there. It might have taken longer, but it would have happened. So while invention is higher than discovery, it’s something that is going to happen. If you don’t invent it, someone else will.

3. Creation: Creation is the highest level of creativity. For example, the stage play Othello is genuinely a creation. Elizabethan drama would have gone on without Shakespeare, but no one else would have written Othello. Similarly, there are things that only your organization can create! The key is tapping into what those things are.

Here’s an example of how this could play out in your company. While at a conference you might discover a tool, a technology, or a process that you didn’t know before. You purchase the tool for your staff, and that discovery helps everyone work better. After some time, that discovery may also spur an innovative idea of how to apply the discovery. You may then use that innovative idea as an inspiration that yields something never seen before, something created by your company that helps you and your customers. That’s how the three levels of creativity can work together.

Realize that creativity and innovation are different. Creativity refers to generating new and novel ideas. Innovation refers to the application of an idea and, in many cases, is a collaborative enterprise. So in other words, innovation is applied creativity. Or if I put my creative speaker hat on, I might say, “Creativity is a bioelectrical thunderstorm that precipitates an inescapable notion.”

What is the “Innovation”: Turning an idea into a solution that adds value from a customer’s perspective. The application of ideas that is novel and useful. Creativity, the ability to generate novel and useful ideas, is the seed of innovation but unless it’s applied and scaled it’s still just an idea. Innovation is about staying relevant. We are in a time of unprecedented change. As a result, what may have helped an organization be successful in the past could potentially be the cause of their failure in the future. Companies need to adapt and evolve to meet the ever changing needs of their constituents.

10 Strategies for Increasing your Creativity and Innovation

Now that you understand the various levels of creativity, you can implement some strategies that will boost your company’s ability to create and innovate.

1. Truly creative people have developed their ability to observe and to use all of their senses, which can get dull over time. Take time to “sharpen the blade” and take everything in.

2. Innovation is based on knowledge. Therefore, you need to continually expand your knowledge base. Read things you don’t normally read.

3. Your perceptions may limit your reasoning. Be careful about how you’re perceiving things. In other words, defer judgment.

4. Practice guided imagery so you can “see” a concept come to life.

5. Let your ideas "incubate" by taking a break from them. For example, when I’m working on a big business project, one of the best things I can do to take a break from it is play my guitar or the flute for a few minutes, or take a ride on my motorcycle. It shifts my brain into another place and helps me be more innovative and creative.
Conflict Behavior In Organizations - A detailed explanation

Conflicts are inevitable in one's organizational life and personal life. Probably, the executive starts his work-day with a conflict and ends the day with another conflict. He is fortunate if he does not carry a conflict home, but more often, he does, to the chagrin of his spouse, his children and himself.

I. Potential Antagonism - The first stage is the presence of antecedent conditions that create opportunities for conflict to arise.

II. Cognition & personalization- The antecedent conditions must be perceived as threatening if conflict is to develop. The situation may be ignored if it is seen as minimally threatening. III. Conflictive & Conflict

III. Management Behavior- Manifest behavior is the action resulting from perceived &/or felt conflict. At this stage, a conscious attempt is made by one party to block the goal achievement of the other party. Such behavior may range from subtle, indirect & highly controlled forms of interference to more open forms of aggressive behavior like strikes, riots & war.

IV. Aftermath- The interplay between different forms of overt conflict behavior & conflict handling strategies of stimulation or resolution influence the consequences. These consequences (in terms of performance of the group, the level of satisfaction & quality of relationship in the involved parties, change of parties, change of structure & policies, etc.) in turn influence the antecedent conditions & probability of future conflict. Sometimes, the aftermath sows the seeds of yet another conflict episode in which case the entire process is repeated.

IMPACT OF CONFLICTS

As we know conflict may occur between two individuals, as in the case of superior vs. subordinate, between two HODs, etc. Groups may be drawn into conflict with each other on the basis of performance, importance to a particular group and in general the union-management rivalries. Conflict can also occur within an individual as in situations of dilemma of choice, vividly characterized by phrases such as ‘between the devil and the deep blue sea’ or ‘caught on the horns of a dilemma’. For example, a personnel manager may be quite undecided about how to deal with the conflict (with workers, union) that is likely to result in work stoppage &loss in productivity. While analyzing the impact of conflicts in any organization we will deal separately the two types of conflicts i.e. interpersonal conflicts and inter-group conflicts. First we will discuss interpersonal conflicts.

The general assumption is that conflict tends to have negative consequences for both the individual and the organization. For example, imagine yourself in an intense conflict situation. Examine your state of mind. You are tense, uneasy, extremely anxious & probably unable to concentrate on your work. Naturally in such situations, your performance is adversely affected. Decisions made may not be appropriate. Occasionally, they might even be unrealistic or irrational. Thus, conflicts tend to impair one’s efficiency.

Sometimes, conflict is also observed to give rise to certain maladjusted behaviors in individuals trying to cope with it. These include alcoholism, drug abuse, excessive smoking, under eating or overeating and extremely aggressive or submissive behavior. Apart from the above psychological & behavioral consequences, conflict has also certain physiological consequences (more so under intense conflict situations) in that, certain changes take place within the physiological system which are often ignored or unnoticed. Some of the changes that occur within the system are:

- More adrenalin & nor adrenalin are shot into the blood & continue the state of arousal & excitation;
- Speed-up of the heart beat & increases in blood pressure;
- More of hydrochloric acid is secreted into the stomach.

Hence, it may be understood that conflict not only affects an individual’s performance, but also gives rise to psychosomatic disturbances, which undermine the health of the individual.

Below is a summarized list of the effect of conflicts on an individual

1. Psychological Responses
   - Inattentiveness to other things
   - lack of interest in work
   - job dissatisfaction
   - work anxiety

2. Behavioral Responses
   - Excessive smoking
   - alcoholism
   - under eating or overeating
   - aggression towards others or work sabotage

3. Physiological Responses
   - estrangement or alienation from others
   - frustration
   - decreased communication
   - resisting influence attempts
**Conflict in work situations may also give rise to organization related individual consequences:**

- Job dissatisfaction
- Apathy or indifference to work
- Role-set members & the company
- Job stress & burnout

**Beneficial Consequences**

- Motivate individuals to do better and to work harder. One’s talents and abilities come to the forefront in a conflict situation.
- Satisfy certain psychological needs like dominance, aggression, esteem and ego, and thereby provide an opportunity for the constructive use and release of aggressive urges.
- Provide creative and innovative ideas. For example employee benefits of the present day are an outcome of the union—management conflicts over the past decades.
- Add variety to one’s organizational life, otherwise work life would be dull and ‘boring.’
- Facilitate an understanding of the problem, people and interrelationships between people, better coordination among individuals & departments, in addition to strengthening intra-group relationships, etc.

**Dysfunctional Consequences**

- Conflicts affect individual & organizational performance. Resolving conflicts consumes a considerable amount of managerial time & energy, which could be more productively spent in the absence of conflicts.
- In a conflict situation people may promote their self-interests or personal gains at the cost of others or the organization. For example, a union leader may call for a strike to assert his superiority or to stabilize his leadership.
- Intense conflicts over a prolonged period affect individuals emotionally & physically & give rise to psychosomatic disorders.
- Time spent on conflicts, if costed, could mean considerable amount of money wasted.
- Conflicts may lead to work sabotage, employee morale problems, and decline in the market share of product/services & consequently loss of productivity.

**RESOLVING CONFLICT**

The conflict resolution requires great managerial skills. Here we are trying to give a solution to a conflict turning it into a constructive side. If one party exercises the principles of interaction, listens, and uses the six steps of collaborative resolution, that party may be able to end the conflict constructively. At the very least, he or she may be able to prevent the conflict from turning into a fight by choosing an alternative to destructive interaction?"}

There is a difference between resolving a conflict and managing conflict. Resolving a conflict ends the dispute by satisfying the interests of both parties. Managing a conflict contains specialized interaction that prevents a dispute from becoming a destructive battle. Managing a conflict attends to the personal issues so as to allow for a constructive relationship, even though the objective issues may not be resolvable. For example, the former Soviet Union and the United States managed their conflict during the Cold War by using a variety of mechanisms. The objective issues in the dispute were not resolved, and neither were the personal issues, which contained significant perceptual differences. However, both sides attended significantly to the relationship to keep the disagreement from turning into a destructive battle.

Our goal in conflict always should be to seek a resolution based on mutual gain. Realistically, however, resolution is not always possible. When this is the case, we must manage the conflict to ensure that the relationship is constructive and that open communication is maintained. We listen to Conflict to understand the other party and demonstrate the acceptance required to maintain the relationship.

1. **The Framework for conflict resolution**

When conflicts arise, we assess a variety of factors before selecting our approach to the situation. We may choose to compete, or dom-
In order to understand the mechanisms behind the four orientations to conflict, it is useful to examine how these orientations can be applied. The study of negotiation, one form of conflict resolution, provides two opposite approaches for dealing with disputes. Most often, we think of negotiation in the formal sense seen in the business or diplomatic environment, where two or more parties bargain to reach agreement. However, two types of negotiation, competitive bargaining and collaboration, also provide good models for understanding different ways of resolving our conflicts.

2. Competitive Bargaining

When most people think of negotiation, they think of competitive bargaining. In this type of negotiation, a seller asks for more than he expects and a buyer offers less than she is willing to pay. Then, through a series of concessions, the two sides meet somewhere in the middle where each side is reasonably satisfied. This form of negotiation also is frequently called distributive bargaining or concession-convergence. It maintains a competitive, win-lose orientation, with the goals of one party and the attainment of those goals in direct conflict with the goals of the other party. In other words, competitive bargaining is a positional conflict in which "winning" is determined by how much of the original position was obtained. The parties believe that resources are fixed and limited, and that they must battle to maximize their share of the wealth.

In competitive bargaining, each party uses strategy, tactics, and tricks to achieve its objective, and whether one of both parties will achieve their goal depends upon their ability to "play the game." Each party seeks to extract information from the other party that will help in identifying appropriate counteroffers, while revealing as little accurate information as possible about its own preferences. The final agreement often depends on the willingness of one party to stake out a tough and extreme position that causes the other party to make concessions. Labor management disputes and international negotiations often use this model of conflict resolution.

The competitive bargaining process is unappealing to many of us and often produces unwise agreements. Some of us simply do not have the skills or the temperament to play the game. We see the process as being unnecessary tough, deceitful, or manipulative. Perceptions of power & control also are a significant factor in the effectiveness of competitive bargaining. If you do not have the power in the relationship, or if you perceive that you do not, you are more likely to obtain an unsatisfactory resolution. Your lack of power will prevent you from using authority or aggression to resolve, or win, the dispute. In competitive bargaining this form of aggression is often played as a trump card to achieve the win for the party who is able to acquire the most power.

The positional approach of competitive bargaining also causes unnecessary issue rigidity. Our egos become so invested in our positions that we are prevented from accepting alternatives. Therefore, even if a better solution is created, it is unlikely that we will back down. Another problem with competitive bargaining is that it often ignores the personal issues that affect the resolution process. In competitive bargaining, we care about the other party's needs only as a means to identify an opportunity for trade. For example, we will trade one day at the beach (the other party's need) for one day visiting museums (our need). But even if the trade satisfies one need, competitive bargaining still requires some amount of persuasion, deception, and manipulation if we are going to resolve all of the objective issues in a satisfactory manner. Over time, this usually breaks down the trust between the parties and places a significant strain on the relationship.

Competitive bargaining tends not to resolve conflict. It merely manages it for his short term. It is based on an attitude of limits and is fundamentally a process of reaching a settlement within a bargaining range. Both parties know that they are going to have to settle for something less than they would prefer, but they each hope that the deal will be better than their bottom line. Parties who do not think they got the best deal possible or who believe that they "lost" typically try to find ways to recoup their losses later. Even if one party believes that it "won," it still knows that it left something on the bargaining table and will try to acquire it in future negotiations. Labor and management, for example, may reach an agreement, but it is not long before they are back at the bargaining table, renegotiating issues that one or both sides thought had been settled previously.

There is an alternative that breaks the destructive cycle of competitive bargaining. It builds relationships and opens the door to constructive resolution. The alternative not only helps you correctly identify the objective issues, but also manages, if not resolves, the personal issues in the dispute. It is based on principles of interaction that endeavor to understand all of the underlying interests that must be satisfied to reach sustained agreement.

3. Collaboration

The collaborative approach to conflict resolution, also called mutual gains or integrative bargaining, argues for the possibility of solutions that all sides find acceptable. It embodies the notion of "win-win," a core component of our principle of mutual gain. Collaboration is about identifying a common, shared, or joint goal and developing a process to achieve it. It is a process in which both parties exchange information openly, defines their common problems, and creates options to solve these problems. And while the collaborative
There are many reasons why people don't pursue this model of conflict resolution. First, people in conflict often do not recognize the potential for collaboration. This often is the result of an attitude of limits, either-or thinking, or a fixed-pie mentality. When parties remain positional or see only a limited number of solutions that will satisfy their interests, they do not use their creativity to solve the problem.

The history of the relationship between the two parties also can prevent collaboration. Over time, destructive conflict can build resentment, if not contempt. And, as John Gottman notes in *Why Marriages Succeed or Fail* (1994), contempt breeds the intent to "insult and psychologically abuse" the other party. This is not always major abuse; it may be small, nit-picking criticisms that add up over time. The personal issues become so overwhelming that the objective issues of the conflict cannot be examined, and parties often cannot be in the same room together, let alone identify ways of resolving the conflict.

Another barrier to collaboration relates to the complexity of most conflicts. Some elements are conducive to collaboration, and some elements require competitive bargaining. Each mode of conflict resolution requires different skill sets, and you can send mixed messages unless you handle them carefully.

Finally, people often have a lack of faith in their problem-solving ability. Parties that enter the resolution process believing that they can work together usually find a way to collaborate. Those who do not have a solid self-concept will be less willing to follow the Principles of interaction & use listening to seek collaborative resolution.

There are many obstacles that make collaboration more difficult. Given our inherent competitiveness and the various factors that surround many of our disputes, it is a wonder that constructive collaboration occurs at all. However, it does occur if one or both of the parties in conflict outcomes, the following conditions must be established at some point during the process:

1. **Prepare for the Interaction.**
2. **Initiate the Exchange.**
3. **Facilitate the Relationship.**
4. **Understand the Interests.**
5. **Examine the Solutions.**
6. **Reach Consensus.**

### What is negotiation?

- **Negotiation.**
  - The process of making joint decisions when the parties involved have different preferences.
  - Workplace disagreements arise over a variety of matters.

- **Negotiation goals and outcomes.**
  - Substance goals:
    - Outcomes that relate to content issues.
  - Relationship goals:
    - Outcomes that relate to how well people involved in the negotiations and any constituencies they represent are able to work with one another once the process is concluded.

- **Effective negotiation.**
  - Occurs when substance issues are resolved and working relationships are maintained or improved.
  - Criteria for an effective negotiation.
What Happens Within the Groups?

1. The group climate changes, it switches over from being informal, casual and playful to task oriented. It shifts from members’ psychological needs to taste accomplishment.
2. Leadership changes, the group is not prepared to tolerate even the autocratic leadership.
3. Group becomes structured and organized.
4. Group expects more loyalty and conformity from members in order to present a solid front.
5. Each party holds out to get its own way.
   - “Soft” distributive negotiation.
   - One party is willing to make concessions to the other party to get things over.
   - Distributive negotiation — cont.
   - Bargaining zone.
   - The range between one party’s minimum reservation point and the other party’s maximum reservation point.
   - A positive bargaining zone exists when the two parties’ points overlap.
   - A positive bargaining zone provides room for negotiation.
   - Integrative negotiation.
   - The key questions is: “How can the resource best be utilized?”
   - Is less confrontational than distributive negotiation, and permits a broader range of alternative solutions to be considered.
   - Opportunity for a true win-win solution.
   - Integrative negotiation — cont.
   - Range of feasible negotiation tactics.
   - Selective avoidance.
   - Compromise.
   - True collaboration.
   - Gaining truly integrative agreements rests on:
     - Supportive attitudes.
     - Constructive behaviors.
     - Good information.
   - Supportive attitudes.
   - Integrative agreements require that each party must:
     - Approach the negotiation with a willingness to trust the other party.
     - Convey a willingness to share information with the other party.

What Happens Between Competing Groups?

Each group looks to other as a competitor rather than interdependent part of the same organization. Each group develops distributions of perceptions because of dominating competitiveness. It concentrates only on its good points and refuses to perceive its weaknesses. Similarly, it perceives only the bad points or the shortcomings of other groups, this feeling is so dominating that it is not prepared to consider the good of its competitors. Intergroup hostility increases which leads to reducing intergroup interaction and communication. This leads to distortion in perception. When groups are forced into interaction they will only listen to their own representatives rather than of the other. Each will try to find faults of others.

Introduction to Inter-Group Behavior:

The organization consists of many groups created formally or informally. The existence of groups leads to intergroup competition. The whole phenomenon may be studied under two heads:
(i) What happens within the groups? and
(ii) What happens between competing groups?

What Happens Within the Groups?

1. Each group becomes a closely knit organization by burying their internal bickering’s and differences.
2. The group climate changes, it switches over from being informal, casual and playful to task oriented. It shifts from members’ psychological needs to taste accomplishment.
3. Leadership changes, the group is not prepared to tolerate even the autocratic leadership.
4. Group becomes structured and organized.
5. Group expects more loyalty and conformity from members in order to present a solid front.

Approaches to Inter-Group Relationship:

Inter-Group relationship may be presented in two ways:
(i) As portrayed by Rensis Likert and
(ii) As stated by J. Thompson.
(i) Likert’s Approach:
According to Likert an organization encompasses a series of overlapping groups. Each group is linked with the rest of the organization by persons who hold membership in more than one group. These people are called ‘linking pins’ as they forge link between different groups. Though the success of decision making depends upon group process and interaction, occurring at different levels, yet everything revolves around the ‘linking pins’. Apart from the linking pins, the Success of Organization depends on:
(a) Good group process of decision making and
(b) Supervision
Both these elements duly insulated by linking pins will generate intergroup confidence and trust; it will enhance the problem solving ability of the group which will result in better productivity level.

(ii) Thompson’s Approach:
Though Likert theory is very well accepted but it is based on the assumption that there exists equal interdependence among different groups. Thompson suggests that there are three different kinds of interdependence among groups.
These are:
(a) Pooled Interdependence:
Pooled Interdependence occurs when groups rely on each other only because they belong to the same parent organization. For example, the employees of Bata Shoe Company, Working at Ludhiana have no Interaction with their counterparts in Jammu, but both are interdependent because they are part and parcel of the Bata Organization. Success or failure of one may be reflected in another through the medium of the total organization system. Pooled interdependence, does not need any interaction between groups, hence conflict does not arise. Co-ordination may, however, be forged through standardization and the rules formulated by the parent office.

(b) Sequential Interdependence:
It means that the work of one group depends on the performance of another. For instance, the finished Job i.e., output of one group becomes the input of another group. However, both groups are sustained by the organization. The interdependence is both pooled and sequential. This type of interdependence may be regulated by proper planning and controlling the chances are that conflicts between the groups are higher than pooled interdependence.

(c) Reciprocal Interdependence:
Reciprocal interdependence means that each group is dependent on each other. The operations of each group precede and act as prerequisite to the functioning of other. For example, management and union relationship, where both depend on each other. Because each group relies on other to perform its job effectively, any problems between them may result in reduced productivity or decreased satisfaction. Reciprocal interdependence ought to be coordinated by mutual adjustment between the groups. It requires greater communication and understanding to avoid possible conflict.

Define Business Ethics -Discussion and Debate
At Applied Corporate Governance™ we have spent many years considering and debating how to define business ethics. One of our favourite - and one of the shortest - definitions is, to quote Lord Moulton, "obedience to the unenforceable". Think about that for a while!
We believe a short and simple definition does not do the issue justice, but one is necessary to crystallise what is otherwise an ambiguous, intangible subject. So we would define business ethics as:

The application of a moral code of conduct to the strategic and operational management of a business.
Business ethics and therefore business morality generally result from an individual’s own moral standards in the context of the political and cultural environment in which the organisation is operating. There is a whole separate debate, of course, on which macro-economic system works best to deliver good corporate ethics and governance - especially currently after what some would argue as a failure in the capitalist model (regardless of your views it is clearly undergoing the most significant trauma for nearly a century). That is beyond the scope of this page, though, where we focus on the above definition, extrapolating on the various elements implied therein and opening up the debate to you, the visitor.

Three levels of business ethics
In our mission to define business ethics, Johnson and Scholes provide a useful way of classifying the diverse elements therein:
• the macro level: the role of business in the national and international organisation of society the relative virtues of different political/social systems, such as free enterprise, centrally planned economies, etc., international relationships and the role of business on an international scale
• the corporate level: corporate social responsibility
• ethical issues facing individual corporate entities (private and public sector) when formulating and implementing strategies
• the individual level: the behaviour and actions of individuals within organisations
At the highest (macro) level, we ask the fundamental question of the role of business in society and what governance model works best to deliver the most benefits in a moral and responsible way. Morality itself is, of course a widely interpretable concept but for this purpose we will assume a broad understanding: that of "proper behaviour" and "knowing the difference between right and wrong", without specifying what constitutes right and wrong. (This is a whole debate unto itself and subject to cultural and individual relativism).
Business ethics, as the very definition teaches, is the set of values, norms, and standards that guide the behavior of individuals or groups within an organization. It permeates the whole organisation and is a critical component of corporate governance. Good corporate governance lies in the eye of the stakeholder, and needs to recognise that different people have different perspectives on ethical performance. Therefore, it is essential to have a clear understanding of what business ethics means to different stakeholders.

So how would YOU define business ethics?

At the corporate level, the interpretation of those rules and standards is often what defines business ethics, affected by the specific circumstances in which the business or public sector organisation is operating. While all corporate entities in theory are directly influenced by personal morality and ethics, in practice there is often a gap between the behaviour of individuals within the working environment and outside it. This, we would argue, is one of the major factors leading to mistrust of big business, where the separation of ownership and management is greatest, and so open to abuse. Even if directors/senior managers are not acting unethically, it is likely they would act differently if the money and the company about which they are making decisions were their own. (There are obvious exceptions as with any generalisation.)

At the individual level, this separation creates a distinct ethical model - business ethics - which, depending on factors like personality, peer pressure and the socio-political environment, can be closer or further away from the individuals own moral/ethical code of conduct. With limited liability meaning individuals are protected this can affect smaller businesses too as the consequences of one's actions has a greatly reduced impact on personal circumstances. Clearly, every corporate entity is directly affected by the individual's moral and ethical stance - and any difference between business and personal ethics is itself arguably an indictment of that individual stance as it implies some level of double standards.

Business ethics should permeate the whole organisation

The above points to the need for ethics to in the very bloodstream of the organisation. The trouble with much of the debate about corporate governance is that it looks on it as a separate discipline, a series of boxes to be ticked, including ensuring that the business is perceived to be ethical. Often this results in grandiose statements or whole reports in the annual accounts about all the initiatives the company funds, participates in or supports in other ways. Worthy as these initiatives may be, in our view, in most cases this is at least as much (or more) about the perception than a real commitment to running the business ethically. To do this requires business ethics to permeate the whole organisation - including/especially the recruitment process - and have measures in place to catch questionable practices.

In this way it is much less likely that people with malicious intent or susceptible natures will survive in the organisation, because such behaviour will be picked up and fed back - crucially, independently - to senior management and the board, ideally via the Senior Independent Director and other non-executives. As the famous saying goes, the fish rots from the head, so this requires complete commitment from the board not only to the principles of business ethics but to the measurement and benchmarking of ethical performance.

Measuring business ethics

So we would define business ethics not only as subscribing to the principles of responsible business, but actually having effective controls - including collecting primary research data - on how each stakeholder group perceives the company's performance on a range of issues which constitute business ethics. As we have said, this presents a challenge for business if people define business ethics differently. The way round this is to use proxies - observations and opinions on manifestations of good ethical performance.

We will cover this in depth in the corporate governance implementation section of this website, providing detailed examples of how to use proxies to define business ethics in the context of stakeholders who may be unfamiliar with the subject and/or the way the company operates.

So how would YOU define business ethics?

Stop for a minute and think about what business ethics mean to you. Your interpretation is actually as valid and important as any and some reflection on this is a key first step in understanding the issue. Some twelve years ago, when we set out to define business ethics during a corporate governance and strategy project for large UK retailer, we realised that everyone has a different view and will define business ethics according to their own perspective and reference points.

There are therefore probably as many ways to define business ethics as there are people. This presents a challenge for business. But in an age of moral relativism, it is very important that the directors recognise that the general public has its own broad view on these issues and if the directors depart too far from that view they will invite trouble, no matter how much they may feel that they are in the mainstream of their own industry culture.

The issue of business ethics is fundamental to corporate governance, of course, not least because corporate governance is often itself defined as business ethics. Good corporate governance lies in the eye of the stakeholder, and needs to recognise that different individuals and stakeholder groups define business ethics differently. In that light, we have decided to take the unusual step of not only setting out the issues surrounding business ethics, but opening up the debate to visitors to this website. In other words, we are applying our own methodology of stakeholder communication and involvement to ourselves - to hold a mirror up to our approach, to walk the talk, as it were.

**CORPORATE GOVERNANCE and Business Ethics**

1. Introduction

Corporate governance lies at the heart of the way businesses are run. Often defined as the ‘way businesses are directed and controlled’, it concerns the work of the board as the body which bears ultimate responsibility for the business. Governance relates to how the board is constituted and how it performs its role. It encompasses issues of board composition and structure, the board’s remit and how it carried out and the framework of the board’s accountability to its stakeholders. It also concerns how the board delegates authority to manage the business throughout the organization. The word ‘Corporate Governance’ (CG) has become a buzzword these days
due to various corporate failures world over in recent past. The Corporate Governance represents the value framework, the ethical framework and the moral framework under which business decisions are taken. In other words, when investment takes place across national borders, the investors want to be sure that not only their capital handled effectively and adds to the creation of wealth, but the business decisions are also taken in a manner which is not illegal or does not involve moral hazards (S.k verma & Suman gupta, 2004). The Corporate Governance basically denoted the rule of law, transparency, accountability and protection of public interest in the management of a company’s affairs in the prevailing global and competitive market milieu. It called for an enlightened investing community and strict regulatory regimes to protect the rights of the investors and companies to improve productivity and profitability without recourse to any means which would offend the moral, ethical and regulatory framework of business.

2. Essentials of Good Corporate Governance

Good Corporate Governance is a formal system of Accountability and Control of ethical and socially responsible decisions and use of resources. The following are the chief characteristics of Good Corporate Governance: it is

1. Participatory
2. Consensus Oriented
3. Accountable
4. Transparent
5. Responsive
6. Effective and Efficient
7. Equitable and Inclusive and
8. Follows the Rule of Law.

3. Business Ethics

Business ethics is a kind of applied ethics. It is the application of moral or ethical norms to business. The term ethics has its origin from the Greek word “ethos”, which means character or custom- the distinguishing character, sentiment, moral nature, or guiding beliefs of a person, group, or institution. Ethics is a set of principles or standards of human conduct that govern the behaviour of individuals or organization. Ethics can be defined as the discipline dealing with moral duties and obligation, and explanation what is good or not good for others and for us. Ethics is the study of moral decisions that are made by us in the course of performance of our duties. Ethics is the study of characteristics of morals and it also deals with the moral choices that are made in relationship with others. Business ethics comprises the principles and standards that guide behaviour in the conduct of business. Businesses must balance their desire to maximise profits against the needs of the stakeholders. Maintaining this balance often requires tradeoffs. To address these unique aspects of businesses, rules- articulated and implicit are developed to guide the businesses to earn profits without harming individuals or society as a whole.

4. Advantages of Business Ethics

More and more companies recognize the link between business ethics and financial performance. Companies displaying a clear commitment to ethical conduct consistently outperform companies that do not display ethical conduct.

5. Attracting and Retaining Talent

People aspire to join organizations that have high ethical values. Companies are able to attract the best talent and an ethical company that is dedicated to talking care of its employees being equally dedicated in taking care of the organization. The ethical climate matters to the employees. Ethical organizations create an environment that is trustworthy, making employees willing to rely, take decisions and act on the decisions and actions of co-employees.

6. Investor Loyalty

Investors are concerned about ethics, social responsibility and reputation of the company in which they invest. Investors are becoming more and more aware that an ethical climate provides a foundation for efficiency, productivity and profits.

7. Customer Satisfaction

Customer satisfaction is a vital factor in successful business strategy. Repeat purchases or orders and enduring relationship of mutual respect are essential for the success of the company. The name of a company should evoke trust and respect among customers for enduring success. This is achieved by a company that adopts ethical practices. When a company because of its beliefs in high ethics is perceived as such, any crisis or mishaps along the way is tolerated by the customers as a minor aberration.

8. Corporate Governance and Business ethics

The national codes all emphasize the ethical nature of good corporate governance. Special emphasis is placed on the fact that good governance is based on a number of cardinal ethical values. Topping the list of the values that should be adhered to in good governance are the values of Transparency, accountability, responsibility and probability. These values should permeate all aspects of governance and be displayed in all actions and decisions of the board. The various aspects of governance, such as board complicity and functioning reporting, disclosure and risk management, are seen as instrumental in realizing these cardinal values of good governance. Besides these underlying values of Corporate Governance mention is also made of specific moral obligations that the board of directors and the company abide by. Prominent among these ethical obligations are ensuring that the company act on high ethical standards so that the reputation of the company will be protected as well as respecting the rights of all shareholders (G. J. Rosouw, 2005) p.101.). A well defined and enforced corporate governance provides a Structure that, at least in theory, works for the benefit of everyone concerned by ensuring that the enterprises adheres to accepted ethical standards and best practices as well as to formal laws. To that end, organizations have been formed at the regional, national and global level.

In recent years, Corporate Governance has received increased attention because of high profile scandals involving abuse of corporate power and, in some cases, alleged criminal activity by corporate officers. An Integral part of an effective Corporate Governance regime includes provisions for civil or criminal prosecution of individuals who conduct unethical or illegal acts in the name of organizations. In all the national codes of corporate governance and in India for the need for actively managing the ethical performance of companies is emphasized. The levels of detail with which these codes deal with the active management of ethics do, however, differ drastically. All the codes recommend that the board of directors should ensure that a code of ethics is developed and that it is endorsed by the board.
Most Corporate Governance codes also provide some guidance on the process of developing a code of ethics by either making reference to issues or topics that typically should be addressed in a code or by outlining a process that could be followed in the process of code design or review. Few codes go further to take the lead in venturing deeper into what the governing of ethical performances entails beyond developing a code of ethics. The most comprehensive recommendations on the ethics of governance are to be found in the Narayana Murthy Committee report on Corporate Governance.

9. Conclusion

Ethics is the first line of defence against corruption while law enforcement is remedial and reactive. Good corporate governance goes beyond rules and regulations that the government can put in place. It is also about ethics and the values which drive companies in the conduct of their business. It is therefore all about the trust that is established over time between companies and their different stakeholders. Good corporate governance practice cannot guarantee any corporate failure. But the absence of such governance standards will definitely lead to questionable practices and corporate failures which surface suddenly and massively. In making ethics work in an organization it is important that there is synergy between vision statements, mission statements, core values, general business principles and code of conduct converges a variety of benefits. An effective ethics programme requires continual reinforcement of strong values. Organizations are challenged with how to make their employees live and imbibe the organization codes and values. To ensure the right ethical climate a right combination of spirit and structure is required.

### Differences in Legal and Ethical Compliance Approaches

<table>
<thead>
<tr>
<th>Factors</th>
<th>Ethical Compliance</th>
<th>Legal Compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ethos</strong></td>
<td>Regards ethics as a set of limits and something that has to be done</td>
<td>Defines ethics as a set of principles to guide choices</td>
</tr>
<tr>
<td><strong>Objectives</strong></td>
<td>Geared toward preventing unlawful conduct</td>
<td>Geared toward achieving responsible conduct</td>
</tr>
<tr>
<td><strong>Method</strong></td>
<td>Emphasizes rules and uses increased monitoring and penalties to enforce these rules</td>
<td>Treats ethics as infused in business practice (leadership, core systems, decision-making processes, etc.)</td>
</tr>
<tr>
<td><strong>Behavioral Assumptions</strong></td>
<td>Rooted in deterrence theory (how to prevent people from doing bad things by manipulating the costs of misconduct)</td>
<td>Rooted in individual and communal values (both material and spiritual)</td>
</tr>
</tbody>
</table>

Cross culture can refer to a company's initiatives to increase understanding of different groups, develop effective communication or marketing efforts to reach out to customers and clients outside its traditional market. Methods of cross culture are intended to strengthen the interaction of people from different backgrounds in the business world and is a vital issue in international business.

### BREAKING DOWN 'Cross Culture'

Cross culture is becoming increasingly important as the success of international trade depends upon the smooth interaction of employees from different cultures and regions. A growing number of companies are devoting substantial resources toward training their employees to interact effectively with those of companies in other cultures in an effort to foment a positive cross-cultural experience. In addition, cross culture can be experienced by an employee who is transferred to a location in another country. The employee must learn the language and culture of those around him and vice-versa. Cross culture initiatives can be more difficult to implement if an employee is acting in a managerial capacity; someone in a leadership position who cannot effectively communicate with or understand his employees' actions can lose credibility. In an ever-expanding global economy, cross culture and adaptability will continue to be important factors in the business world.

### Considerations in Cross Culture

Culture is immeasurably important due to its impact on how social, societal and professional behaviors are interpreted and what is considered taboo and what is not. Some cultures are more hierarchical, while others have flatter social structures. In business, the relationship between an employee and a boss is important as one culture may encourage open dialogue — even criticism of a superior by an underling — while in another, it would be unacceptable. Cross culture also extends to body language and body contact: how should employees approach managers in a professional setting or how would a pat on the back be interpreted in China compared to the United States, for example.

### Example of Cross Culture

Everyday experiences, even those that may seem trivial, can be vastly different in various cultures. Accepting a business card from a Japanese businessperson, for example, is more ceremonial in Japanese culture than it is in American culture. When accepting a business card, the person receiving it in Japan is expected to take it with both hands and review it to show respect. The person presenting the card will bow and present the card with both hands. This may seem strange in the United States, as cards are usually exchanged freely, but understanding this can help those in Japan to avoid showing disrespect. Likewise, understanding this can help Japanese businesspeople to not feel disrespected if their American counterparts are less ceremonial about taking their business cards.

### Cross Cultural Conflict Resolution in Teams

Team members work in increasingly diverse environments: in terms of age (there are more older workers), gender (there are more women), race (there are more people of color), language (there are more languages spoken), and nationality (there are more immigrants). Beyond these differences, there are also deeper cultural differences that influence the way conflict is approached. The use of teams represents an important change in the way we work. The theory is that through the interdependency of the parts greater productivity is achieved by the whole. Experience has been less kind. One reason that teams fail to meet performance expectations is their paralysis through unresolved conflict. This article focuses on the impact of culture on the prevention and resolution of conflict in teams.
Teams Dynamics
Over time successful teams develop culturally distinct pathways to communicate, problem solve, make decisions, and resolve conflict. Most literature on teams suggests that they realize high performance levels by passing through four distinct development phases: 'forming', 'storming', 'norming' and 'performing'.

The development of team norms does not take place in a vacuum, but is embedded in the wider social, political and economic context of the day. Another reality is that team members do not have access to the same power. Sources of power differ, as do expectations about how and when it will be used.

Writing for a North American audience, Cutcher-Gershenfeld and Kochan have suggested that a successful team will:

- be comfortable dealing with conflict
- be committed to resolving disputes close to the source
- resolve disputes based on interests before rights and power
- learn from experience with conflicts.

This ties in with research on the effects of interpersonal conflict in teams. A team member’s commitment to the team and the team mission can increase if conflict is well-managed and resolved, but decreases if conflict goes unresolved. If unhealthy conflict goes unresolved for too long, team members are likely to quit or to search for alternatives. (Wallace Bishop and Dow Scott)

Defining Culture
Social anthropology, as the academic field responsible for the study of culture, has yet to settle on a definition of culture. However, for our practical purposes, culture is defined as the shared set of values, beliefs, norms, attitudes, behaviors, and social structures that define reality and guide everyday interactions. (Adapted from Moore and Woodrow).

This definition implies that culture is an attribute of a group, and also contemplates the fact that there may be as much variation within the group as between different groups. We often associate culture with a national group, however, culture includes ethnic groups, clans, tribes and organizations. Teams within organizations also have beliefs, attitudes and behaviors that constitute unique cultures. Although there are many similarities between cultures, it is important not to minimize real differences that do exist.

A useful tool for considering the cultures of different groups is the bell curve. The majority of a group culture will confirm to a dominant set of beliefs, attitudes and behaviors, but there will be members of the cultural group that differ in significant ways from the norm.

Individualistic and Collectivist Dimensions of a Culture
An important dimension of culture is the extent to which members identify with the group (in this case the team) rather than themselves as individuals. Individualistic cultures place a high value on “autonomy, initiative, creativity, and authority in decision making.” (Moore and Woodrow) Individual interests trump group interests, and any group commitment is a function of a perceived self-benefit. Collectivist cultures, on the other hand, value the group above the individual. Group conformity and commitment is maintained at the expense of personal interests. Harmony, getting along and maintaining ‘face’ are seen as crucial.

The dominant culture in the USA, Canada, Western Europe, Australia, and New Zealand is individualistic, while collectivism predominates the rest of the world. However examples of both are found everywhere. In California where the recent census found that 32% of the population is Hispanic, 7% are African American and 10% are of Asian descent, it can safely be assumed that a relatively high percentage of the workforce comes from a social environment that is collectivist.

Comfort with Conflict
Individualists and collectivists view conflict differently. Collectivists, who place a high value on harmony, getting along and ‘face’ see conflict as a sign of social failure. As a result, comfort levels with conflict situations, especially of an interpersonal nature are low. Conflict is often avoided.

While many individualists also feel discomfort with conflict, it is acknowledged as an inevitable part of life that must be dealt with. However, being in conflict with another is not necessarily something to be ashamed about.

Involvement and Role of Third Parties
Team members from a collectivist culture will probably be more comfortable with a fellow team member addressing a conflict, rather than bringing in someone from the outside. Individualists, on the other hand, may prefer an impartial outsider, whose relationship to the team is remote-such as a Human Resource representative or external mediator.

The expected role of the third party is also influenced by cultural dimensions. In western, individualistic cultures mediation has evolved as a process in which the third party does not make decisions for the disputants. Some mediators provide an evaluation of the strengths and weakness and they are described as evaluative. At the other end of this continuum are mediators who do not make evaluations. They are purely facilitative.

In collectivist cultures, mediators are often expected to provide counsel, evaluate and advise in an effort to restore harmony. Disputants engage a third party precisely because they are unable to find a solution themselves.

Communication Styles
There are a number of factors that contribute to communication style. One factor is the extent to which it is expressive or restrained. Some team members may have been socialized to reveal strong emotions and to feel comfortable with prolonged eye contact and touch. Others may be more stoic, and mask emotions with a poker face, use monotone speech and avoid eye contact.

These different communication styles are not problematic in and of themselves. However, problems arise when value judgments are made on the basis of the different styles. For example, if team members disagree and one represents his views and feelings forcefully with a raised voice, another more restrained team member may see that as arrogant. The same ‘arrogant’ team member may conclude that the restrained team member is untrustworthy because eye contact is not maintained.
Another area of difference relates to directness. Some cultures are very direct. They like to 'cut to the chase' and get frustrated with someone who 'beats around the bush'. Indirect cultures prefer to deal with relational aspects first, and to restore harmony before addressing substantive issues.

Negotiation Style

Negotiation is a means to satisfy needs. It can be broken down into one of two approaches—positional and interest based. Positional negotiation involves haggling over extreme positions without a clear understanding of underlying interests. By contrast, an interest based approach focuses on the needs and concerns of the disputants. An interest based approach is widely used by conflict resolution practitioners, especially in western cultures. It has been popularized through books such as "Getting to Yes" (Fisher, Ury and Patton) but the extent of its internalization is limited.

Teams should consider their own negotiation styles and make an explicit decision as to whether they will use an interest based or positional negotiation approach.

During negotiations, cultures that prefer a direct communication style will seek direct, face to face communication rather than indirect shuttle diplomacy.

There are other cultural factors that have a bearing on the way a team will approach conflict prevention and resolution. These include:

- our relationship to **time** (Whether we are monochronic and do one thing at a time or polychromic and do several things at once. Whether we expect the process to have a start and end or to be an ongoing process)
- our relationship to **rules** (Whether we value rules and order over feelings and relationships)
- our relationship to **venue** (Whether we are private or public, indoor or outdoor, formal or informal)

Lessons

Given that teams are comprised of diverse individuals with unique cultural backgrounds, what lessons can we distill for the successful prevention and resolution of conflict?

1. **Know Yourself and Your Own Culture**

Starting with yourself, examine your own beliefs, values, biases, and prejudices. How do you behave? What are your hot buttons? Locate your individual culture in the context of your family, regional, and national cultures. What is the social, political and economic context of the day? Being aware of our own cultures helps us to be open to different ideas. We are able to compare and contrast different approaches without being threatened.

2. **Learn others expectations**

We should, as Federal Mediation and Conciliation Service Commissioner Jan Sunoo has suggested, expect different expectations.

(Sunoo) The only way we will know what our team members expect is to have an explicit conversation about the nature of conflict and how we prefer to deal with it when it arises. This should lead to a more general conversation that addresses how the team wants to work together. The sooner this happens the better. We can also read books and watch movies to understand others culture. Learning about a new culture takes time. Some like culture to an iceberg where over nine tenths is out of sight. So it is with culture. There is the surface culture, and then there is that which is hidden-deep culture.

3. **Check Your Assumptions**

As we filter incoming information through our sensers (Sight, sound, smell, taste, and touch) it is natural to make assumptions. We should develop acceptable communication protocols to check out the basis of our perceptions. Failure to do so leads to inaccurate stereotypes and may foster negative feelings of hostility.

One approach is to give specific feedback on the behavior you observed ("I noticed that you avoided eye contact when we were discussing the situation.") and to seek clarification of your interpretations. ("I suppose you could have been bored. Can you tell me what was going on?") Be open to various interpretations. Your first interpretation is not necessarily correct. Another variation is to give feedback on how you felt when the specified behavior occurred. ("I felt ignored when you avoided eye contact during our discussion. Can you tell me what was going on?") It sometimes helps to list all the possible interpretations you have thought of almost as if brainstorming.

4. **When in Rome . . . ask questions**

Does the old saying-When in Rome, do as the Romans-still have currency? After all, suggestions to learn about other cultures are so we can anticipate how situations will be dealt with and avoid conflict. Some go so far as to say this is necessary to show respect: "When we join a team that already exists we should learn and be respectful of the existing culture, just as we would when we travel."

The danger of this adage, not only in a team environment, is that it supports the prevailing/dominant culture and a rigidity that is counter productive to creativity and growth. Newcomers/immigrants who do not conform to the majority views of Romans may be expected to fall in line or ‘go back to where they came from.’

The reformulation of the adage to encourage questions reflects an attitude of inquiry. Rather than assuming you know, you ask to clarify why things are being done differently. Open ended questions are generally less threatening, but close ended questions will often eliminate confusion on a particular aspect of culture.

5. **Listen**

Listening is widely acknowledged as a key conflict prevention and resolution skill. Care should be taken not to impose an approach to listening that causes discomfort. Not all cultures are comfortable expressing feelings in public.

Used in a team environment effective listening enables new norms to emerge that reflect a deep knowledge for one another's 'ways.' This level of multicultural maturity will not always be achieved, and the norms will often reflect an issue by issue compromise by the different cultures present. Each team member will adhere to their own ways, and when their culture conflicts with others, adopt the
others through a mix match of procedures. However, a compromise over cultural norms is better the imposition of values by a dominant group.

6. Consider the Platinum Rule
The Platinum rule encourages us to treat our team members as they would like to be treated rather than the way we like to be treated (the golden rule). It is similar to the difference between sympathy and empathy. Empathy is not about “walking a mile in his moccasins” but imagining “how he feels walking in his moccasins.” Problems with the platinum rule arise when your way and the others way clash.

7. All conflict is multi cultural
There is as much diversity within a culture as between cultures. Thus, rather than thinking that we should use our cross cultural communication skills when we communicate between different cultural groups, we should assume that all communications are essentially cross cultural. It helps to remember that men and women form the two largest cultural groups.

Conclusion
One challenge of working in a team environment is that it is essentially multi cultural. Another is that conflict will arise from time to time. How your team chooses to respond can often be the difference between success and failure. The importance of talking about conflict prevention and resolution issues up front cannot be overstressed. It will go a long way to the enhanced productivity that is expected from a team that is performing well.