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Transforming crippling company politics



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TRANSFORMING CRIPPLING COMPANY POLITICS

The UK chief executive officer (CEO) of a large insurance firm faced declining gross written premiums (revenue) in her commercial division. In workshops, her senior managers determined that their work came alive when they appeared on emergency sites to distribute checks. She challenged them, "Let's treat customers that way all the time and sell more." When they wrote vague proposals to care for customers in sales, she hired consultants. Then she missed her profit numbers; the Group CEO fired her. The consultants continued on and executed her vision. She failed to exercise political power, but did she fail in any of the basics Jeffrey Pfeffer lists in his classic work on power? Did she fail to have a compelling vision? to achieve buy-in? to detail the threat? to have a good power map of the organization? to cultivate relationships with allies and the Group CEO? She executed the basics of power well. But she worked in a fearful organization where managers instinctively shunned the limelight by pointing to others' weaknesses. Her managers would casually let slip that her plans might not save profitability. Those casual slips silently became the Group CEO's defining issue.

IMPORTANCE OF POLITICS AND THE COMMON FIX FOR NEGATIVE POLITICS

Everyone knows examples of mean-spirited, value-draining company politics. Politics kills critical change programs, puts managers into empty competition, and opens enormous fields of reputation-covering busyness. We find that negative politics adds friction amounting to 20 percent of operating costs. In their study, Philip Evans and Bob Wolf suggest the cost is higher. Rosabeth Moss Kanter shows most managers believe the fix involves replacing the leader and 70 percent of her team. It works, but requires a new senior team unfamiliar with the company.

The 70 percent solution is not necessary. Leaders can turn around the negative politics that grew up under them. The change requires (1) realizing the importance of politics, (2) knowing the foundation of the different kinds of politics in structural moods (following Heidegger), (3) knowing the four different kinds of negative and counterpart positive moods and politics, and (4) deploying the basic building blocks for change.

POLITICS AND ITS FOUNDATION

Can we simply just avoid politics? Pfeffer shows that politics happen wherever wisdom is finite and people are interdependent. With finite wisdom, reasons and facts are not enough to compel commitment, and with interdependence, commitment is necessary. Managers who use positive politics invent decision-making processes, inspire, challenge, cajole, improvise, horse trade, warn, corner, and reprove. Negative politics adds blame, betrayal, appeasement, and deceit.

Senior managers cannot simply choose their company's politics. Politics is the visible expression of a larger emotional-normative context, determining what matters. Where hope matters, managers at odds offer occasions for conversion. Where resentment reigns, managers seek gotcha moments. Normal change programs shift a few norms, not what matters.

Heidegger on Moods as Mattering

The philosopher Martin Heidegger, who brought mood into prominence in philosophy, offers three insights that help us understand and change negative politics. First, he (1927) pointed out that mood determined how things matter and separated mattering from meaning. The neurologist Anthony Damasio confirmed the distinction with patient studies that show we think irresolutely about things unless we feel how they matter. Barclays' 2012 famous, fearful Wealth Management unit shows how the distinction works. Things have

<http://dx.doi.org/10.1016/j.orgdyn.2014.03.002>

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meanings based on a synthesis of our theoretical and practical norms for coping with them. The meaning of a report – a detailed account of a situation – synthesizes reflection (is it true?) and action (do we jump?). Barclays' people knew reports. But in fear cultures, reports matter, as they threaten. Thus, when Andrew Tinny, Wealth Management chief operating office (COO), saw the report saying Barclays had a fear culture, he hid it.

Moods also powerfully co-opt any theoretical or practical norms that could change what matters. Sticking with fearful organizations, Manfred F.R. Kets de Vries and Danny Miller discovered that their managers generally report vaguely. To change this, a unit manager relentlessly probed junior managers for clarity. Her managers learned to write about specifics but conditioned them like lawyers. The manager stopped the vagueness, but fear co-opted the new precision.

Heidegger on Structural Moods

Second, Heidegger (1930) went on to show that pervasive moods only sometimes well up into noticeable feeling states and usually arise out of normative social structures. We call such moods structural moods. Most practice theorists mix them up with other enduring dispositions.

What is a mood in the norms? Consider a cathedral. Regardless of belief, most who enter a cathedral find themselves drawn to look up with awe and lower their voices respectfully. They become reverential. Market structures work the same way. Consider bubbles. Everything is a buying opportunity; good economic reasons show growth will last forever; naysayers are ignored. We dwell in the structural mood that behavioral economists George Akerlof and Robert Schiller call confidence; only claims bespeaking confidence matter. Like Andrew Tinny, we can think beyond such moods, but cannot stick to resolutions we form.

Company moods are harder to see. When we first enter a company, we might notice a particular mood: the trusting directness of people at the biotech or the fearful evasiveness at the insurance company. But the awareness dies as the mood possesses us. Fortunately, the number of common moods is small. In applying Heidegger over the last 25 years at well over 150 large and small companies in the Americas and Europe, we find that most are in one of four negative or positive moods: resentment, fear, resignation and arrogance, and, as counterparts, hope, admiration, zeal and joy. Kets de Vries and Miller found four organizational fantasies: schizoid, paranoid, depressive, and dramatic, which correspond to our four negative moods.

Kets de Vries and Miller as well as Jeffrey D. Ford, Laurie W. Ford, Randall McNamara and Fernando Flores explain why moods are most visible in organizational politics. Consider what people naturally do in each mood: Resentment blames. Hope trusts. Fear hides out and slights others. Admiration celebrates. Resignation appeases. Zeal seeks a discipline. Arrogance deceives to win. Joy improvises playfully.

Heidegger on Counter-Moods or Counterpart Moods

Heidegger's third insight (1927) shows how to get from one mood to another: "When we master a mood, we do so by way of

a counter-mood." As we saw, changing practices alone does not change mattering. Only a second mood masters the first. In applying this thought, we follow Charles Spinoza's early research and subsequent development by esthetic theorist Jonathan Flatley and philosophers Hubert L. Dreyfus and Sean Kelly. They found that it was easier to move to a mood that played a subordinate role in the dominant mood. We call such moods counterpart moods. Thus, while resentment disdains other moods, it retains a hope of overcoming the enemy. As we show later, building on that hope can drive the transformation. Likewise, fear grudgingly admires the threatening. Resigned managers are zealous about what cannot be changed. Arrogance contains a solitary joy in mastering others.

FOUR NEGATIVE STRUCTURAL MOODS AND THEIR POSITIVE COUNTERPARTS

Since the structural mood is invisible to the leader, she uncovers it by identifying the prevalent political practices and then inferring which mood would incite them. To uncover the political practices, ask: How does one get ahead? How do we report up? How do we reach agreement? How do most initiatives go? Most companies fall into one of the moods listed below.

Resentment and the Politics of Blame (Republicans vs. Democrats)

Resentment appears most commonly in partnerships and research or advisory companies like biotechs or consultancies. But Hewlett-Packard Co. famously fell into resentment when Carly Fiorina fought with Walter Hewlett. Likewise, in 2011, TIME's CEO Jack Giffin failed to overcome the resentful skirmishing of editorial and advertising. In resentment, two or more groups blame each other for corporate failures. They spin each other's statements to turn priority differences into blameworthy malfeasance. Key moments in the company's history consist of out-groups replacing in-groups. Managers spend time plotting to oust or convert other managers. Cross-faction initiatives stall.

At a US medical services company that manages and staffs hospital departments, the physicians, organized as partners, characterized their culture as collegial. Their historical behavior, however, revealed that leadership changes came from Machiavellian conspiracies. Clever political maneuvering put Martin, the CEO, and his chief business development officer (CBDO) in place. They pursued growth through acquisitions. A large minority faction on the board and Martin's COO believed that Martin and the CBDO were putting the partnership culture at risk with acquisitions that were far-flung, practiced lower quality medicine, or were otherwise culturally unsuited. This faction spun every decision Martin made into a self-interested act. As the board faction argued against most acquisitions, Martin jeopardized his growth strategy by making only the least controversial acquisitions.

Counterpart: Hope and the Politics of Trust

The politics of hope is trust-building: managers curry each other's good will with frank directness. Successful partnerships

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