Managing Organizational Ambiguity

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Abstract

World is witnessing a very rapid advancement in the fields of information technology, space technology, medical science, biotechnology, robotics andNano-technology. At the same time, society is witnessing a drastic change in people's lifestyle, perceptions, media habits, buying patterns and overall behaviour transformation towards social norms. Such rapid technological and social changes had its impact on organizations across all sectors of the industry in India and the world. Thecorporate executives and senior managements across the world in all sector now have to deal with organizational ambiguity i.e. how they can align their organizations mission, employee'saspirations and customer requirements to achieve desired financial results.The core question most of the managers are management experts. How should they manage organizational ambiguity caused by rapid social and technological changes?

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The conceptual framework

Before 1900 the world was organized into small (around 150 people), independent mostly self –sufficient communities, then came the manufacturing revolution which changed the way we worked and earned. Industrial revolution created large size organizations in sectors like steel, cement, automobile, construction and textile in America and Europe. These organizations had employees ranging from 10,000 to 3, 00,000. These employees needed systems and supervisors to manage them. During the same time, Fredrick Winslow Taylor wrote a classic management book 'Principles of management' where he elaborated how large manufacturing organizations should focus on planning, organizing, staffing, managing and controlling to implement systems and standards for mass production. Taylor suggested management system which was highly centralized in decision making .The centralized management system led to stagnation of production and lack of innovation was replaced by more "decentralized and empowered" systems as articulated by Alfred Sloan and Henry Fayol.

The rapid technological and social changes of 21 century made all these manufacturing production- based systems and standards ineffective. Now organizations have to shift from "hierarchy based bureaucratic control" systems and standards driven organization to "empowered people" organization where employees bring to work place not only hands and feet but also ignited minds and inspired hearts a truly " Human Capital organization". The transformational journey from “hierarchy based bureaucratic control organization to “Human Capital organization” will have to deal with lots of internal challenges like “Paradox of Success” (if you are successful organization, why change status quo) and “Social paradox” (don’t disrupt the organizational status quo, don’t take any personal risk and you will rise to the top.

For long-term sustainability of organization, it is essential that managers learn to deal with changes, ambiguity and complexity. This only can be achieved if senior management in the organization learn to build context of change among managers to balance ‘Achievement orientation” (performance goals) with learning orientation (to change one’s social conditioning), build a culture of trust and confidence away from hierarchy of control. Adapting Japanese management practices of RME (Relationships-Mechanism–Empowerment) for managing change, ambiguity and complexity of business environment

Social Fabric till 1900

Through his path- breaking research famous anthropologist Robin Dunbar suggested that cognitive limit to number of people with whom one can maintain relationship is 148. Few s later another group of 19 anthropologists across the Europe and USAstudying Hunter-Gatherer societies across the world found that average size of such Hunter-Gatherer society too was around 150 and it was like this for thousands of the s. This may be sheer coincidence but truth is humans as communities have lived in-group of 150 for effective survival and sustenance from Stone Age till the beginning of 20th century.

Social Fabric beyond 1900s

In the last 100 plus s due to industrialization, mobility due to faster and safer means of transportation, globalization. Internet and digital revolution these communities have gone through tectonic shifts. When Henry Ford set up his car manufacturing plants in USA to produce famous black model T car soon due to demands of cars he had 300,000 workers working at Ford Motors. How did he effectively managed a community or company of 300,000 employees? The answers to the above question can be found in a brilliant classic management book written by Fredrick Winslow Taylor called “Principle of scientific management “which articulated core functions of the management.In his book Fredrick Winslow Taylor argued that in pre 1900 communities Man or Human or Individual was the core , his/her individual skills and innovation were central to community effectiveness and sustainability but F.W. Taylor created a management whose core was “Systems with standards’

Henry Ford was Genius in centralized Planning, Organizing, staffing. Leading and controlling auto assembly lines but after a decade or so henry Ford had problems, he lost market share to his rival General Motors(General Motors) followed Alfred Sloan management theory of “Decentralized Management” where each division and branch office was treated as autonomous body with most decision-making abilities answerable to Central authority in General Motors.

100 years later

Most organization's management still get employees to work daily without their Head and heart in the organization despite fat salaries and perks, organizational brand image, vision and mission statements. Multiple Global research have indicated that 90%of the ideas do not come from C- Suite or boardrooms yet we have hierarchical structure and systems.

The traditional management theories of F.W. Taylor, Alfred Sloan and Henri Fayolare brilliant but in the 21st century we need management modelswhich are non-hierarchical and employees bring their Inspiring Hearts and ignited minds to the workplace.

21stCentury shiftto Human capital

The 21st century is all about shifting to Human Capital(individual expertise and control)**.**The shift towards "Human Capital"will be the biggest management change in the next two decades.

The next two decades will be all about managing complexity of technology and people in the organization. (Gen X to Millennium). In future, the organizations will mirror the complexity of society or social environment.as articulated in Ashby principle of requisite variety.

The following seven core principles will determine success of organizations who will be able to shift to Human Capital

1-**Balance between achievement orientation and Learning orientation**

The environment (social, technological and business) will change dramatically and rapidly in the next two decades so the organizations will have to respond quickly by following Ashby principle of requisite variety that is Not filtering out linformation, which can be critical to the organization success. Therefore, managers have to balance Achievement orientation (performing daily routine tasks and routine decisions) with Learning orientation(to change ones social conditioning). Most of the managers today derive power through "Transactions" like meetings, responding to e-mails, conference calls and derive no power to manage power through Transformation of the self and teams they are leading through continuous learning, practice and field immersion where customers reside .Transactional managers have great ability to survive and thrive in the organizations hierarchical bureaucracy rather than effecting an organizational transformation.

2-Managing Paradox of success

Most organizations rise to the dominant position in terms of market share, revenuesand market capitalization andthey become arrogant slowly over a period of time and then they die A factual truth that can be proven by looking at top 100 companies of India and USA during the decades of 90s, 2000s and 2010in terms of market shares, revenue and profitability . The some of the superstar companies of 1990slike Nokia, Kodak have disappeared after 25s from the list replaced by new business entrants Facebook, Google, Amazon . One will see dramatic change in the ranking and fortunes of the corporations. In psychology it is called

“Paradox of success” or in economics it is called” Leaders lose Principle”. Therefore, future organization will be small unit fighting machines learning from customers, competition at a very rapid pace, innovating product and services to serve the customers rather than caught in transactional trap. Best way to kill Paradox of Success is to avoid the bureaucratic transactional trap

3- From Control to Building Trust and confidence

Most managers believe that the management is all about control over resources(material, manpower, money etc)and if this control is taken away from them then they feel’ under confident” with loss of power.

In 1970s education psychologists in USA went to large numbers of schools across various states and gave children few tests but they did not give them the results of those tests instead they went to the teachers and told them to put children in two groups in each class as “ High Potential Children”and“Low potential Children”. The researchers then came back after 6 months and found that in all schools “High potential Children” were doing better in learning outcomes than “Low potential Children”. In reality the research psychologists lied to the school authorities they had randomly assigned children as High potential and low potential.

This is classical case of “Self-Fulfilling Prophecy”. If you give consistent message and show trust in people’s capabilities that, they are high performers and great learner they tend to believe it and start acting accordingly.

Most managers have high achievement orientation they want to reach top of the corporate ladder faster than their peers do. This kind of quick success mind-set forces in them a sense of competition (Me vs them) rather than cooperation and communication to succeed together. This” I will be a success” to “We will be a success“requires a paradigm shift in one’s belief system. Most managers understand that real organizational power and achievement is in” We will be a success’’ but they never take initiative to build an “emotional connectedness” with their peers, therefore with peers they always have “trust deficit” leading to lack of emotive communication with them.

4- Changing context for the people

Individuals do not fundamentally as who they are, re-energizing people has less to do with changing people and has lot more to do with changing context that top management in the company creates around the people as organizational culture(learning, care, trust, innovation, risk taking, process orientation, execution excellence etc.). Contents of organizational communication are meaningless if there is no organizational context. As they say in media communication strategy “contentwithout context is meaningless but content with context narrative is asign of mindfulness”.Therefore, a context of why organization needs to shift to Human Capital with people as core is critical factor in managing change

5-Managing Sociological paradox in the managers

Whenever a manager tries something different or takes initiative to be a role model for things he /she thinks is critical andimportant, other people in the organizationdon't like it because of the organizational sociological paradox which states that "if you want to be successful in your career, don't disrupt the organizational status quo, don't take any personal risk, keep your head down don't get associated with any project keep minimum risk and you will rise to the top. This kind of hierarchical bureaucratic mindset does cause growth and prosperity for few managers in short term but organization falls into "paradox of success'' ultimately which leads to the demise of the organization. Very much like Newton's third law in physics, organizations to have 'Force Fields where there are equally opposite powerful forces to manage. Therefore, managers with long-term view of the success of the organization must focus on managing organizational ambiguity by balancing achievement orientation and Learning orientation, building context for people for managing ambiguity, change and complexity. Emotional connectednessto build trust and confidence can counter forces of social paradox.

6- Emotional Connections -Understanding other's emotions

Organizational problems occur due to undelivered communication and unmet expectations of people with each other. Most manager in the organization have "financial intelligence" and hence most of their focus is on solving organizational problems related to revenues, collection, profitability, cash flows and Operational logistics. Most managers lack "social intelligence skills'' like trust building, care, empathy, emotive communication, listening, emotive bonding. As line/operational managers they think it is Human resource department's jobs not their but core to success and building a Human Capital organization lies in building these behaviour skills which are core of ' social intelligence ' .Financial intelligence can take a manager to a level but not beyond . In order to reach the top manager must possess social intelligence and noetic intelligence.

Understanding others requires understanding their ambitions, fears, values and belief as expressed and displayed at workplace, it requires continuous communication to understand others. Great managers raise the bar of communication from mere transactional communication (email and meetings) to emotive communication (ambitions, fears, values and belief). Before you understand others, it is imperative that you display (walk the talk) and share your own beliefs, values and ambitions without any fear with them. Never believe that it is your weakness and other colleagues will exploit it to move ahead in their career.

Any personality test like Myer BriggsTest Indicator (MBTI) or Big Five OCEAN will indicate your strengths and areas of improvements(weaknesses), quickest way to improve one's areas of weakness is to team up with people for whom that is thekey strength. After all great teams have emotional bonding;trust in each other, common goals andcomplementary skills.

Some of the well-known Japanese companies are more than 600 s old whereas average lifespan of an organization in the Europe or America is mere 50 s.In Japan, there are more than 21,000 companies older than 100 s and 3200 companies older than 200 s

How Japanese have managed to survive and sustain such corporations in rapidly changing times? The answer lies in their management culture of R-M-E (Relationships- Mechanism – Empowerment). The first step is R (Relationships) Japanese spend enough time in building trust among employees, suppliers and channel partners. These relationships are built on trust, co-operation, common values andbelief. This is the essence of creating a community with common beliefs, values and emotional bonding. Japanese do not move to the next step till they have perfected this step. Once they ensure they have emotional connectedness,then they together move to second step M (mechanism) which is nothing but detailed systems, processes, goals and measurement mechanism for ensuring high quality and rapid execution excellenceand before they implement or execute projects or deliver products or services they create an ecosystem of E (empowerment). Compare this with European and American organizations where a products or Servicesare first created then management creates detailed and elaborate systems and standards to ensure the effective execution on the management principles as articulated by FW Taylor or Alfred Sloan or Henry Fayol, once management takes over they ensure that managers will now create enough control mechanism to ensure success. After few s when success occurs, these same managers ensure that"paradox of success" catches up with thembecause of their faith in "social paradox" as mantra of organizational success. In the decades of 70s and 80s European and American managers learned quality management from Japanese, it is high time that in the next two to three decades(two generations) they learnthe art of RME for managing change , ambiguity and complexity of business environment from the Japanese.

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