



JOURNAL OF STRATEGIC LEADERSHIP



Volume 4, Issue 1 | Summer 2012

The Journal of Strategic Leadership is a publication of the
Regent University School of Global Leadership & Entrepreneurship
ISSN 1941-4668 | © 2012



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The *Journal of Strategic Leadership (JSL)* provides a forum for leadership practitioners and students of strategic leadership around the world by publishing applied articles on topics that enhance knowledge and understanding of the phenomenon of strategic leadership at all levels within a variety of industries and organizations. The JSL is published in electronic format and provides access to all issues free of charge.

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Table of Contents

<i>From the Editor</i> Dr. Gary Oster	ii
Article Abstracts	iii
<i>Why Ethics Has No Place in 21st Century Organizations: How Transparency and the Internet Have Sent Watchdogs to the Pound</i> Hyun Sook Foley & Bramwell Osula	1
<i>Go Bold or Go Old: At the Nexus of Opportunity and Need</i> Daniel McCauley	9
<i>Strategic Footprints: Players' Testimonies</i> Moises Aguirre-Mar	18
<i>Transformational Organizational Design: Appealing to Successive Generations of Workers</i> John A. Lanier	29
<i>Structured to Flourish: Organization Design Lessons from the Early Church</i> John F. Price, Jr.	42
<i>Noncommissioned Work: Exploring the Influence of Structured Free Time on Creativity and Innovation</i> David Burkus & Gary Oster	48
<i>Leadership: An Ulterior Motive?</i> William H. Bishop	61
<i>Copyright Information</i>	vi
<i>Article Reprint Permission Request</i>	vii



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From the Editor

Gary Oster, DSL
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Virtually every veteran leader will agree with the common aphorism, “Culture eats strategy for lunch.” Should we then belittle or give up on the development and engagement of strategy in organizations? Or, is it an important role of leaders to align corporate culture and strategy so that it has the greatest positive impact? This issue of the *Journal of Strategic Leadership* (JSL) considers these important questions.

To do so we consider leaders, corporate policies and procedures, and organizations, all in an effort to define the intersection of strategic leadership and organizational success. William Bishop examines how culture and personality affect leadership styles, and Moises Aguirre Mar interviews leaders to detail the extent they use strategic thinking and planning. Daniel McCauley considers five trends that require strategic thinking from our military leaders to effectively engage the future, and Hyun Sook Foley and Bramwell Osula survey the rocky landscape of Internet-age ethics and transparency. John Price explains successful organizational designs from the early Christian Church, John Lanier shows how transformational organizational design appeals to new generations of employees, and David Burkus and I outline a new model entitled “noncommissioned work,” which supports and encourages corporate creativity and innovation.

May these articles clarify our vision of how strategic leadership and corporate culture work together to build and sustain successful organizations worldwide.



Article Abstracts

Why Ethics Has No Place in 21st Century Organizations: How Transparency and the Internet Have Sent Watchdogs to the Pound

Hyun Sook Foley & Bramwell Osula

In the 20th century, high marks from government inspectors and watchdog agencies was all it took for an organization to receive social trust. Today, even the highest such marks are becoming increasingly irrelevant in a world where ordinary citizens are considered more trustworthy evaluators of an organization's ethics than watchdog agencies. Such agencies operate under a cloud of public skepticism due to lapses in vigilance and even complicity in wrongdoing made public by the ubiquity of technology. This paper argues that, in the 21st century, transparency, more than official regulation and expert approval, has become the main criteria of evaluation embraced by the public. The point is made that organizations seeking to be regarded as ethical must do more than meet the standards of official regulators. They must continually expose their finances, policies, and plans to the full range of interested individuals and social networks, which now function as the de facto regulators of a new ethical order. It is concluded that governments and churches are not exempt from this arrangement and must learn how to inform and manage multiple public constituencies, including some hostile ones, in order to secure the participation and trust of the public.

Go Bold or Go Old: At the Nexus of Opportunity and Need

Daniel McCauley

As the U.S. draws two major conflicts to a close and a national budget crisis looms, President Obama and Chairman, Joint Chiefs of Staff, General Dempsey are seeking new ways of operating and partnering in emerging and proven capabilities. To remain the world's pre-eminent military, the U.S. must seek ways for innovation as a massive recapitalization of military hardware and other capital assets and resources must be undertaken. In most circumstances, this would be cause for alarm, especially as legacy weapon systems and their proposed replacements have price tags that are adding to the nation's insolvency. The U.S. government and the military, however, are in a position to make a bold move into the future capitalizing on the global strategic environment of the next few decades. Strategic thinking, leveraging insight and foresight, will maintain U.S. military capabilities unmatched in the world for decades to come. Over the next decade, the U.S. military must focus its efforts on the five strategic trends of multiculturalism, urbanization, nanotechnology, biotechnology, and cyberspace to chart a bold, new course. This new course will shield the U.S. from the unintended consequences of ceding the future to potential adversaries by investing in the "old" way of operating.

Strategic Footprints: Players' Testimonies

Moises Aguirre-Mar

The purpose of this paper is to determine if the interviewed leaders are engaged in strategic thinking and strategic planning, or not; and how they use socio-technical systems to achieve the organization's vision. To set a frame for the research, the following definitions will help: Hughes and Beatty stated that "Strategic thinking refers to cognitive processes required for the collection, interpretation, generation, and evaluation of information and ideas that shape an organization's sustainable competitive advantage."ⁱ On the other hand, Drucker said that "strategic planning is analytical thinking and commitment of resources to action."ⁱⁱ

For mapping the interview process, a model was designed with the following elements: (1) the leader; (2) human ware; (3) organization's culture; (4) tech ware; (5) two or three strategic drivers; (6) strategic action; and (7) strategic learning process. These elements were considered to develop the questionnaire used to lead the interview process with the selected leaders. The model helped the researcher identify the degree in which the leaders use that what is known as the whole strategic process: (1) thinking; (2) planning; (3) executing; and (4) learning strategically. After each question, a brief summary of the leaders' answers is presented.

Transformational Organizational Design: Appealing to Successive Generations of Workers

John A. Lanier

Organizational design is among the competitively differentiable variables. Companies enjoy a material degree of latitude in such designs. Potentially gratifying options are abundant. One of the prevalent organizational design issues is the disparity between generational norms of senior management and their subordinates, particularly entry-level new hires. This phenomenon rightly affects choices aimed at sustaining corporate momentum. Wise leaders adjust their modus operandi to avoid a generation gap trap. Organizational designs must appeal to the best and brightest of succeeding generations. This tactic bodes better than demanding that new hires accede to legacy norms. The omnipresent reason is that new hires have choices. Accordingly, this effort endeavors to examine organizational design from the perspective of Generation Y employees. Juxtaposed against strategy, the categories parsed are: process, people, and tools.

Structured to Flourish: Organization Design Lessons from the Early Church

John F. Price, Jr.

Imagine a small-scale but expanding, semi-autonomous, networked organization with aspirations for global countercultural influence, populated by devoted members willing to die for their cause. While today many would think of the transnational terrorist organization Al Qaeda, this is actually a description of the fledgling Christian church in the first century. Despite the drastic differences between the two organizations, organizational design has played a key role in the success and survival of each group. While there is always danger in attempting to extract practical organizational lessons from a divinely empowered movement, it is clear the early church provides a rich case study in organizational design. The chronicles of the early church provided in the book of Acts provide key reminders on how to approach the design process, including keeping to the leader's intent, ensuring senior leadership empowers the design/redesign process and aligning structure decisions with the organization's mission. Once on the

right structural path, the lessons of the early church remind us to employ structural concealment when necessary, limit structural components to essentials, make design decisions with internal and external resistance points in mind, and make strategic grouping decisions to optimize the structure for execution. Taken together, the lessons of the early church provide a great primer on how to approach and execute organizational design.

Noncommissioned Work: Exploring the Influence of Structured Free Time on Creativity and Innovation

David Burkus & Gary Oster

We examine the growing trend whereby organizations give employees structured periods of autonomy during their work time. We call this practice *noncommissioned work time*. This article 1) establishes a definition for noncommissioned work, as well as a classification of the two observed methods of implementation, 2) explains how organizations across industry sectors and around the world are using noncommissioned work, 3) argues for why noncommissioned work enhances employee creativity, by using the available scholarly literature, 4) considers the linkage among noncommissioned work, creativity, and innovation, and, 5) discusses implications for practitioners and scholars.

Leadership: An Ulterior Motive?

William H. Bishop

The styles of leadership are as numerous as there are people. Although personality is a critical factor in choosing a style, external factors are not without their influence. The culture of an organization will often dictate the nature of relationships and influence the style used. Similarly, situations present a unique requirement for a particular leadership style. The two are directly impacted by the personality of the leader. These factors are directly influenced by the motives of the leader and will have a direct impact on the leadership style used. As these factors change, so will the motives of leaders. Therefore, it is critical for leaders to be aware of how these factors affect their leadership style.

ⁱ Hughes R. L., & Beatty, K. M. (2005). *Becoming strategic leader: Your role in your organization's enduring success*. San Francisco CA: Jossey Bass. (Kindle Locations 503-504).

ⁱⁱ Drucker, P. F., & Maciarello, J. A. (2004). *The daily Drucker*. New York NY: Harper Business. (p. 342).



Why Ethics Has No Place in 21st Century Organizations: How Transparency and the Internet Have Sent Watchdogs to the Pound

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In the 20th century, high marks from government inspectors and watchdog agencies was all it took for an organization to receive social trust. Today, even the highest such marks are becoming increasingly irrelevant in a world where ordinary citizens are considered more trustworthy evaluators of an organization's ethics than watchdog agencies. Such agencies operate under a cloud of public skepticism due to lapses in vigilance and even complicity in wrongdoing made public by the ubiquity of technology. This paper argues that, in the 21st century, transparency, more than official regulation and expert approval, has become the main criteria of evaluation embraced by the public. The point is made that organizations seeking to be regarded as ethical must do more than meet the standards of official regulators. They must continually expose their finances, policies, and plans to the full range of interested individuals and social networks, which now function as the de facto regulators of a new ethical order. It is concluded that governments and churches are not exempt from this arrangement and must learn how to inform and manage multiple public constituencies, including some hostile ones, in order to secure the participation and trust of the public.

Living in the Post-Enron Age of Ethics

In the 20th century an organization could—and, as statistics attest, frequently did—make ongoing appeals to a range of external expert evaluations or regulatory approvals in order to demonstrate to the public that it was, in the broadest and most general sense, ethical. Whether in the form of a positive Better Business Bureau rating, government inspection, or annual audited financial statement, external stamps of approval from watchdog groups served as a common form of ethical currency transacted between organizations and the general public.

Then along came Enron.

Enron is hardly the only case of an organization betraying the public trust, but its residual effects have proven to be among the most enduring because Enron is much more than the story of an organization betraying the public trust. As Ide and Yarn note, Enron may be even more noteworthy as a story of how an organization, sworn to protect the public trust, intentionally betrayed it:

Enron executives were closely connected with the highest levels of the government. The independent auditing system not only failed miserably in detecting the abuses, it even participated in them to some degree. It is now widely known that the accounting industry actively opposed reforms that may have prevented some of the abuses and that its primary lobbyist was Harvey Pitt, former chairman of the SEC, which itself could be criticized for its failure to prevent these abuses. Congressman Tauzin, chairing one of the House committees developing reforms, was a previous champion of the antireform lobby. Burdened by conflicts of interest, financial analysts failed to provide objective assessments and in some cases gave glowing assessments of companies that they knew were unsound. In this sense, the trust-generating institutions that provide people with enough confidence to extend their trust to these corporations have themselves failed and are now distrusted.¹

The declining level of public trust in the watchdog and regulatory agencies established to protect that trust is well illustrated by two trend lines that intersected around the turn of the millennium. One of the trend lines is described by Waddock as “one of the striking developments in the [corporate citizenship] arena since the late 1990s...the proliferation of codes of conduct, standards, and principles that attempt to set the bar higher for corporate performance around issues related to how different stakeholder groups are treated.”² The other trend line, also reported by Waddock, is thus paradoxical:

The US Better Business Bureau reported in 2007 that less than half of 1200 individuals surveyed trusted businesses and what trust existed previously was in decline, with the exception that two-thirds of those surveyed said that they trusted small businesses more than large ones.³

In other words, as voluntary submission to external regulations and published codes of conduct rose, public trust fell. It is beyond the bounds of this paper to assert a cause, but it would not be irresponsible to hypothesize that organizations opted for external validation in the face of rising public skepticism and, in so doing, badly misread a public that was as skeptical of external validation as it was of organizational ethics.

The Public is Still Quite Trusting—Just Not of Us

This skepticism does not mean that the public simply became more wary in general. It means that the public began to redefine the sources of information it would turn to and trust as it determined, first, what it meant for an organization to be ethical, and, second, which organizations were successful at meeting the public’s new and myriad informal standards—standards as numerous and diverse as the evaluators themselves. Recent research by Owyang, for

example, contends that 77% of people trust information from people they know compared to only 60% who trust consumer product ratings.⁴

Financially, this “trust reallocation,” away from traditional regulatory sources and toward public evaluation, meant a demand not simply for a reform in the way audits are done, but rather in an insistence that stakeholders have access to much of the same raw data that auditors see, in order to facilitate the public’s desire to come to its own conclusions and to evaluate the evaluators.⁵

As DiPiazza and Eccles note, however, this requires more than information sharing; it necessitates a wholesale revision in how business operates—and in what counts as ethical:

For various reasons, management and boards are not consistently making available information that they know investors would want. Too often, this failure is based on a mistaken belief that playing *The Earnings Game*—managing and beating the market’s expectations about next period’s earnings—will increase shareholder value. Sometimes business leaders want to hide such issues as compensation policies and conflicts of interest, which they know would not meet public approval if they became visible.

Today, shareholders and stakeholders are demanding a much higher level of transparency. Recognizing that transparency is necessary to create and protect value, they will no longer accept being left in the dark.⁶

The cry of the 21st century public does not appear to be for more stringent audits. In the face of lost trust in regulating agencies and expert evaluations, even the most stringent of audits meant stakeholders still felt that they were “being left in the dark,” because auditing firms are objects, not dispellers, of suspicion. Instead, as DiPiazza and Eccles note, the cry of the 21st century public appears to be for transparency.⁷ Let us see the same numbers you see, the public seems to be saying to organizations and auditing agencies, and we will decide for ourselves if what you are doing is ethical and valuable.

Transparency: Social Regulation through Technology

The democratization of organizational ethics is facilitated in the 21st century by the omnipresence of technology. Even the shift in the public definition of what constitutes credible regulation is only possible when the public is able to view in their homes the same raw data that gets reworked into reports that show up on the PowerPoint screen in the boardroom. And when one is looking at much of the same raw data as the chairman of the board but is able to shape it and make of it what one chooses, one becomes not only an investor but a de facto collaborator—at least in those organizations intent on staying in business. As Waddock notes, what the public requires is anything but “window dressing.”⁸ Consumers are intent on using the availability of information online to pressure a move beyond “businesses undertaking philanthropic, collaborative, or volunteer initiatives designed to disguise the fact that, for example, their supply chain policies permit mistreatment of workers in factories, their products are produced wastefully, are harmful, or create excessive pollution, or other important standards of responsible corporate practice are not met.”⁹

The call for transparency and not just expert regulation and evaluation extends beyond public involvement in corporations. Whole social revolutions in the 21st century are springing from the

ability of people to communicate via the Internet and mobile phone technology about their governments.¹⁰ What was originally conceived of as “citizen journalism” is today revealing itself to be more than the public exercising an accountability function. More than commentary and accountability, the Internet enables actual protest against an authority that has been identified as unethical—what Parker calls a “Coup d’Tweet.”¹¹

This democratization of ethics facilitates the ability of average consumers or citizens to analyze an organization’s or government’s behavior and to make decisions for themselves about whether these institutions are behaving ethically and then to act accordingly, typically in concert with other consumers and citizens.

Governments are understandably nervous. No less a power than the Chinese government’s own Academy of Social Sciences accused the United States and other western nations of such a strategy. More telling still, the Academy recognizes the threat such tools pose in the hands of China’s own citizens. In their report entitled *Development of China’s New Media*, they warn, “We must pay attention to the potential risks and threats to state security as the popularity of social-networking sites continues to grow. We must immediately step up supervision of social-networking sites.”¹²

Regulation by Many Someones Like Me

Viewed collectively, what the above developments signal is that organizational ethics, as traditionally understood and practiced by organizations and institutions, is dead. That is, ethics as submission to regulations under the watchful eye of regulatory agencies in order to generate public trust has astonishingly little public cachet in the 21st century organization. It has simply been rendered obsolete. In a world where “a person like me” is considered “the most credible source of information about a company”—which is exactly what a 2008 Edelman study determined of consumers in Brazil, Canada, Germany, the Netherlands, Spain, Sweden, and the United States¹³—then ethics has given way to, or been operatively redefined as, transparency by the general public.

In the 21st century, an organization must earn the appellation “ethical,” not merely one or a few times a year from those to whom an evaluation function has been expressly delegated, but daily, with each individual and public that elects to take an interest in the organization, whether for good or for ill. To the degree that the organization submits its finances, hiring practices, and company values not only to regulatory agencies but also to information repositories where anyone who has an interest can view and evaluate—and impact—the organization’s record personally, it has paid the price of entry for ethical consideration. The subsequent judgment of what constitutes ethical behavior, however, is left to each individual citizen.

Transparency, in other words, is the new organizational ethics. Organizations in the 21st century must drive to be transparent to a degree that organizations even a decade ago would have considered fatal to their competitive advantage, not to mention simply invasive. Documents and data streams never before published by organizations, filled with information that might have recently been construed as confidential and competitive, is now routinely available on the Internet from largely unregulated third party sources. Organizations must choose either to foster or inhibit that information flow, and whether to add a ‘flow’ of their own to ensure its accuracy

and favorable interpretation. When organizations fail to make such information routinely available on the Internet, the public responds with indignation and anger.

There is no sign that the public's demand for organizational transparency will abate anytime soon. Due to the increasingly tenuous link between consumer and citizen activism, there is no shortage of lawmakers who are minded to arrest this transparency dividend, which they often view with suspicion and concern and as a threat to their ability to govern. Witness South Africa, whose post-apartheid constitution proclaims, "Everyone has the right of access to any information held by the state. And any information that is held by another person and that is required for the exercise or protection of any rights."¹⁴ Sixteen years later, the curiously named Protection of Information Bill hedges that stand, acknowledging "the harm of excessive secrecy"¹⁵ while "recognizing the importance of information to the national security, territorial integrity and well-being of the Republic."¹⁶ The Bill seeks to protect not the transparency of information—it is in fact a self-avowed repeal of the 1982 Protection of Information Act—but rather the transparency of the legislative process that regulates information. With its goal of a "transparent and sustainable legislative framework,"¹⁷ it continues to draw ongoing opposition from a variety of South African publics that see the "protection" of information as a cover for corruption. In the words of Unemployed People's Movement Chairperson Ayanda Kota,

Had it not been for the Constitutional right of access to information, we would not have uncovered that the Zuma regime spent R1.5 billion of taxpayers money on luxuries. Some of the expenditure includes Lindiwe Sisulu's purchase of a R7million Mercedes – Benz vehicle. Siphwe Nyanda who spent R515 000 dining with girlfriends and boyfriends at different five star luxurious hotels. We would not have uncovered that Jacob Zuma's son, Duduzane Zuma is heading for his first billion while Kgalema Montlale's lover is also going for her first billion.¹⁸

Cultivating public trust through enhanced regulation runs exactly counter to Stewart Brand's famous aphorism which is an apt preamble to 21st century organizational ethics: "Information wants to be free."¹⁹

The Beginning, Not the End, of Genuine Public Values

Non-profit organizations and churches would do well to note these trends. If the most credible source of information about an organization is "a person like me," then membership in the Evangelical Council on Financial Accountability may be helpful but woefully insufficient. Nonprofits and many churches are now required by the government to submit annual Form 990s, including the salary and compensation of the top executives and board members, and disclosure of conflicts of interest, programmatic expenditures, and fund raising costs. Executives of these organizations should consider that the government's receipt of the information (there is no active evaluation of it, just the barest of form completion checking) is less significant than the public's ability to read it online and interact with the organization about it. To the degree that a 21st century nonprofit or church facilitates the highest levels of transparency and interaction with the public, it is far more likely to be considered ethical by a public that is wary of organizational assurances of strong internal controls and faithful submission to external regulations.

Transparency may mean the end of organizational ethics shaped primarily by regulatory agencies, but it hardly means the end of values. Provided that an organization freely discloses

information to the satisfaction of the public, consumers and citizens are then more than willing to render their own judgments of whether an organization is in their view ethical. One organization, for example, might have practices that restrict hiring to people of a particular faith. While this may be considered the height of ethical practice by people of that faith, it is simultaneously derided as unethical by people who are not of that faith. The government's opinion is relatively unimportant to the citizen consumer in the matter.

Witness the recent challenges to the Christian Legal Society's college club program guidelines in *Christian Legal Society vs. Martinez*.²⁰ Is a Christian Legal Society that includes non-Christians more or less ethical than one that excludes them? In the past, such a question has typically engendered and been resolved through court battles. In the 21st century, such a question simply becomes one more data point for individuals and their associated social networks to consider as they evaluate the broadest range of possible responses to the news, from social protest against the government on one end of the spectrum to social protest against Christian Legal Society on the other. The organizational ethics of this new century are anything but monolithic and are typically not amenable to simple resolution by court order.

Conclusion: The Transparency Ethics of Post-Enronism

More than ever, organizations will need to understand the variety of publics which they must address, and the reasons for each address. They must be willing to provide each public with information not only according to what the law requires and not only according to the purpose for which the organization needs or desires to cultivate each group. The organization must become accustomed to supplying information of the type, quantity, frequency, and accessibility that the public—not the government or the watchdog agency or the organization—considers helpful. Rulings by governments and courts and regulatory agencies enforce laws but do not define the ethics of the average consumer citizen. Management of diverse publics becomes an indispensable part of 21st century ethics.

We live in a post-Enron culture. "Post-Enronism," as it might appropriately be termed, dictates that it is not enough for companies to be ethical according to their own standards or those of regulatory agencies to whom they have traditionally submitted. With trust shifted to "people like me," transparency becomes the standard every organization must meet in order to be adjudged ethical. Even then, such a judgment is always preliminary because transparency will yield a variety of publics, each with a different (and, possibly, shifting) ethical evaluation of the organization according to individual and social network values.

Every consumer and citizen and the sphere of influence in which he or she is imbedded is in some sense today a walking regulatory agency. "Transparency ethics" is now the foundation for the relationship between the organization and each member of its constituencies. While ethics as traditionally defined no longer has a place in 21st century organizations, greater transparency and public involvement in the watchdog process may mark a new beginning and re-establish the value of a robust organizational ethics in the marketplace, civil society, and the church.

About the Authors

Hyun Sook Foley co-founded Seoul USA in 2002 in order to build bridges of understanding between North and South Korea and the church in the West. Foley graduated with a bachelor's degree in international business from Dong Duck University and holds a master's degree in traditional Korean dance from Sungkyukwan University. She completed her master's degree in clinical therapy from Colorado Christian University, including a special focus on post-traumatic stress disorder among North Korean refugees. She is presently studying for her doctorate in leadership from Regent University in Virginia. She can be contacted via email at: hyunfol@regent.edu.

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¹ Ide, R.W., & Yarn, D. H., (2003). *Public independent fact-finding: A trust-generating institution for an age of corporate illegitimacy and public mistrust*. 56 V. and. L. Rev. 1113, pp. 1138-1139.

² Waddock, S., (2008). The development of corporate responsibility/corporate citizenship. *Organization Management Journal*, 5(1), 29–39. doi:10.1057/omj.2008.5. (p. 33).

³ Waddock (2008). p. 35.

⁴ Owyang, J., (2008). So, who do consumers trust? *Web Strategy*. Retrieved from <http://www.web-strategist.com/blog/2008/12/10/so-who-do-consumers-trust/>

⁵ DiPiazza, S. A., & Eccles, R. G., (2002). *Building public trust: The future of corporate reporting*. New York: John Wiley & Sons.

⁶ DiPiazza & Eccles (2002). p. 4.

⁷ DiPiazza & Eccles (2002). p. 4.

⁸ Waddock (2008).

⁹ Waddock (2008). p. 30.

¹⁰ Educause Learning Initiative. (2007). *7 things you should know about citizen journalism*. Retrieved from <http://net.educause.edu/ir/library/pdf/ELI7031.pdf>

¹¹ Parker, U. (2011). Coup d'Tweet: Can social media overthrow a government? *Memeburn*, retrieved from <http://memeburn.com/2011/01/coup-dtweet-can-social-media-overthrow-a-government/>

¹² Metro.co.uk, (2010). Facebook 'invaluable tool' for overthrowing governments. *Online M*, retrieved from <http://www.metro.co.uk/news/834705-facebook-invaluable-tool-for-overthrowing-governments> (para. 3).

¹³ Edelman, D. J., & Eldman, R. (2008). *Edelman Trust Barometer*. Retrieved from http://www.edelman.com/trust/2008/trustbarometer08_Final.pdf (p. 6).

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- ¹⁴ Bhoola, P. (2010). South Africa: Proposed protection of information bill—Apartheid era politics? *Global Voice*. Retrieved from <http://globalvoicesonline.org/2010/09/03/south-africa-proposed-protection-of-information-bill-%E2%80%93-apartheid-era-politics/> (para. 1).
- ¹⁵ Minister of State Security. (2010). *Protection of information bill*. Republic of South Africa. Retrieved from <http://www.info.gov.za/view/DownloadFileAction?id=118894> (p. 2).
- ¹⁶ Minister of State Security (2010). p. 2.
- ¹⁷ Minister of State Security (2010). p. 2.
- ¹⁸ Bhoola (2010). Para. 8.
- ¹⁹ Clarke, R. (2000). *Information wants to be free*. Retrieved from <http://www.rogerclarke.com/II/IWtbF.html> (para. 1).
- ²⁰ Christian Legal Society. (2010). *Christian Legal Society vs. Martinez (UC Hastings)*. Retrieved from <http://www.clsnet.org/center/litigation/christian-legal-society-v-martinez-uc-hastings>

Go Bold or Go Old: At the Nexus of Opportunity and Need

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As the U.S. draws two major conflicts to a close and a national budget crisis looms, President Obama and Chairman, Joint Chiefs of Staff, General Dempsey are seeking new ways of operating and partnering in emerging and proven capabilities. To remain the world's pre-eminent military, the U.S. must seek ways for innovation as a massive recapitalization of military hardware and other capital assets and resources must be undertaken. In most circumstances, this would be cause for alarm, especially as legacy weapon systems and their proposed replacements have price tags that are adding to the nation's insolvency. The U.S. government and the military, however, are in a position to make a bold move into the future capitalizing on the global strategic environment of the next few decades. Strategic thinking, leveraging insight and foresight, will maintain U.S. military capabilities unmatched in the world for decades to come. Over the next decade, the U.S. military must focus its efforts on the five strategic trends of multiculturalism, urbanization, nanotechnology, biotechnology, and cyberspace to chart a bold, new course. This new course will shield the U.S. from the unintended consequences of ceding the future to potential adversaries by investing in the "old" way of operating.

This past January, President Obama stated, "...the United States will be able to ensure its security with smaller conventional ground forces and by investing in capabilities that include intelligence, surveillance and reconnaissance and the ability to operate in environments where adversaries try to deny access."¹ The President plans to implement his vision by continuing investments in special operations forces, new technologies such as ISR and unmanned systems, and in space, and especially cyberspace capabilities. Expanding on this vision, Secretary of Defense Panetta added that ground forces will be reduced in a way that ensures surge and mobilization capabilities are available for any contingency. Chairman, Joint Chiefs of Staff, Gen Martin Dempsey stated that the strategy is sound and, "It ensures we remain the pre-eminent military in the world."² The Obama strategy calls for innovation—new ways of operating and partnering, and makes important investments in emerging and proven capabilities such as cyber and special operations.³

Although needed from a fiscal perspective, these changes stop well short of the grand strategic vision that this country urgently needs. Unfortunately, a grand strategy based solely upon fiscal

considerations is doomed to failure. In the coming decade, the U.S. will face multiple threats from state and non-state actors, and these complex threats will transcend geographic borders and organizational boundaries.⁴ The U.S. currently finds itself in a uniquely transformed world with novel geopolitical and security environments. Just as unique, as the U.S. military draws two major conflicts to a close, national and global budget crises also loom. After a decade-plus of war, a massive recapitalization of hardware and other capital assets and resources must be undertaken.⁵ In most circumstances this would be cause for alarm, especially as legacy weapon systems and their proposed replacements have price tags that are adding to the insolvency of the nation. However, the U.S. government, or more specifically, the military, is in a position to make a bold move into the future capitalizing on the global strategic environment of the next few decades.⁶

Why should the world's best military reorient itself? The U.S. must adapt to maintain its competitive position in the world and meet the threats changing in substantial and fundamental ways. Fiscal considerations are paramount to any defense discussion, but it must be part of a broader long-term strategy that looks across the strategic environment holistically.⁷ Using the tools of strategic thinking, insight and foresight, a bold way ahead can be charted for the U.S. that will facilitate and enhance its role as the world's sole superpower. This new way ahead will provide untold benefits for American manufacturing, defense, and health care and make it the world's leader of innovation for the next century. Over the next decade, the U.S. military must focus its efforts on the five strategic trends of multiculturalism, urbanization, nanotechnology, biotechnology, and cyberspace to chart a bold, new course. This new course will restrain the U.S. from the unintended consequences of ceding the future to potential adversaries or competitors by investing in the "old" way of operating.

Strategic Thinking

Insight and Foresight

Strategic thinking is defined as the precursor to the development of a strategy or plan.⁸ Strategic thinking is an examination of the environment and is an intuitive and creative process that results in the fusion of issues, patterns, interrelationships, and opportunities. Insight and foresight are the two major components of strategic thinking. Closely related to intuition, insight is the ability to see beyond the facts and understand the deeper meaning of the whole.⁹ Foresight is the ability to comprehend the larger context of a specific situation and the ability to recognize emerging conditions and associated trends along with their implications.¹⁰ The ultimate goal of foresight is to provide actionable guidance for decision makers.¹¹ Foresight is the "process or set of analytical activities that creates and improves on the understanding and appreciation of information generated by looking ahead."¹²

Whereas the future will be fundamentally different from the past, America will still be the preeminent global actor. U.S. global influence, however, will decline relatively and be dependent upon regional partnerships and alliances for support.¹³ Despite recent recessions and slow growth, in economic terms America's position in the world remains unchanged. The U.S. still produces approximately one-quarter of the world's economic output with little or no decline in relative capacity. It spends more on defense per year, about \$525 billion, than all of the other

great military powers combined. Combat experienced land, sea, and air forces are equipped with the most advanced weaponry and remain predominant in every corner of the world.¹⁴

Despite the obvious strength of the U.S. military, the national strategic instrument of choice will be “soft” power to facilitate the achievement of national objectives. The economic prosperity of many nations will depend on functioning global economies and access to the global commons. The security environment will continue to see a delicate ideological struggle between shifting power blocs and competition for allies. The changing nature of competition, the need for access to secure energy supplies, and the realization that local or regional “flare ups” will include the use of chemical, biological, cyber, and unconventional methods will challenge conventional and traditionally educated thinkers.¹⁵ Multilateral military activity is necessary to protect globalization, including protection of global supply chains and space-based infrastructure, from physical and virtual disruption. Successful military operations will depend upon culturally savvy senior leaders who understand the effects of actions at the local, regional, and strategic levels.

Shifting alliances are likely to deter military intervention by major powers outside of their sphere of influence, without widespread multilateral agreement, which is likely to reduce the latitude for discretion. When intervention becomes unavoidable, actors will seek to distance themselves by use of proxy forces, cyber attack, as well as covert and clandestine methods. The question of nuclear proliferation, biological and chemical warfare, natural resource competition, terrorism, crime, drugs, urbanization, pandemics, and piracy, among other undesirable conditions, require new capabilities and resources.¹⁶ Unfortunately, budgetary considerations and the unsustainable escalation of costs in developing legacy capabilities calls for a new approach.

The following five trends are signals from the current environment that have “hard” trend lines with immediate payoffs or “medium” trend lines that have potentially revolutionary payoffs. The first three trends, multiculturalism, urbanization, and cyberspace, are current hard trends that will continue for decades and will shape the pursuit, development, and application of the other two trends. The trends of nanotechnology and biotechnology are relatively less mature, but given Moore’s Law (the number of transistors that can be placed inexpensively on an integrated circuit doubles approximately every two years) and the Law of Accelerating Returns (the rate of change in a wide variety of evolutionary systems tends to increase exponentially), the potential for significant advances within the next 10 years are very good.¹⁷

Multiculturalism

By 2025, the current wide range of national population age structures will vary more than ever. European minority populations are 15% or more and increasing changing the dynamics of those countries. A youth bulge will continue across the Middle East and Caucasus, Latin America, the northern parts of South Asia, and with the preponderance in Sub-Saharan Africa.¹⁸ Although one cannot dismiss conflicts between nation states, the preponderance of future conflicts can be described as “community” conflicts, with some concrete factor such as religion, ethnicity, or language as the root causes.¹⁹ The relative power of non-state actors—businesses, tribes, religious organizations, and criminal networks--will also increase. Geopolitical rivalries trigger discontinuities more than does technological change, and failure to understand these dynamics undermines a nation’s ability to assess risk and seize opportunities.²⁰

The concept of comprehensive engagement seeks the active participation of nations, institutions, and peoples from around the world and is the cornerstone of U.S. national security. Unfortunately, the U.S. does not currently enjoy the kind of expertise regarding its rivals' thinking and operations resident during the Cold War. Developing a cadre of experts on key states and issues of concern is essential for any serious effort at successful strategy formulation.²¹ Graduate education focused on multidisciplinary and regional studies is essential for any senior field grade officer in the future. The Services and Joint Staff must make concerted efforts to facilitate regional or country expertise in officers and develop career paths accordingly.²² Developing regional centers of excellence in key countries would facilitate U.S. cultural understanding and position itself as a regional professional military education provider. If nothing else, increasing faculty exchanges with key countries would serve a similar purpose.

Comprehensive engagement begins with understanding the environment. A cross-sector approach is essential, where political, social, economic, technological, environmental, and military expertise informs both the decision-making process and the implementation of decisions.²³ Given the dynamics of globalization and technology, the trend for considerable cultural interaction significantly increases in the future. Strategic thinkers possessing multidisciplinary, cross-cultural perspectives are most likely to produce significant positive results, and thus lead to a better, more fully considered future.²⁴

Urbanization

Throughout history, armies have been reluctant to fight in cities and conduct siege operations. Fighting in such conditions is generally devastating and costly. In 2015, approximately 53% of the world's population will reside in cities and this number will increase to 60% by 2030. Over the next decade, estimates are that up to one billion people will live in slums suffering from poor governance, centers of crime, and disaffection.²⁵ The majority of these slum cities will be in the Middle East, Africa, and Asia, and lie along the coasts.²⁶ Virtually all of the world's expected population growth in the next 15 years will concentrate in urban areas—95% of this growth will be in less developed regions, primarily in Africa. Food and basic services can sustain interruptions for short periods before cities will collapse. Future megacities will lack the basic infrastructure and administrative infrastructure to facilitate stability operations.²⁷

Urban areas and their surrounding areas will find much of the world's population crammed into them, and the Joint Force will have no recourse but to operate in these dense environments. These cities of the world, teeming with younger populations and living in slums, will be physically and culturally complex and confusing.²⁸ These areas will be prime locations for diseases and pandemics, and the increased probability of urban, rather than rural, insurgency. To execute urban operations successfully, the joint force will require in-depth cultural and urban expertise. In execution, a delicate balance of destructive and disruptive firepower and non-kinetic options that support humanitarian, security, and reconstruction operations is necessary. Operations in urban environments will require decentralized command and control systems, intelligence, surveillance, and reconnaissance (ISR), agile fire support, and aerial mobility.²⁹ Flexible, inexpensive, and energy-neutral sophisticated technologies, such as drones and robots, will leverage nano- and biotechnologies suitable for urban operations.

Nanotechnology

Nanotechnologies will have profound implications for types and properties of materials used by the Defense Department and will affect operations as much as the computer. Potential applications span nearly every material area of defense including sensors, armor, weapons, ground transportation, avionics, computing, energy, medicine, environment, and emergency management.³⁰ The result will be the precise, inexpensive control of matter – the consequences of which are game-changing opportunities and risk. If the U.S. could produce large-scale products with high flexibility and quality using extremely low material costs, it would possess defense and economic drivers far greater than the entire computing technology industry in the previous 35 years.³¹

Nanotechnology will create new and unique properties with profound and diverse applications. Products will be smaller and more energy-efficient, designed and manufactured with atomic precision and less waste production.³² In the next five to seven years, most advances will occur in sensors, electro-optics, including biologically active agents and surfaced engineered materials. Integrated nano-devices will lead to the emergence of small, swarmed, and autonomous systems and will become pervasive and diverse, particularly in manufacturing, synthetic reproduction, novel power (battery) sources, and health care.³³ Nanotechnology may also provide the physical and chemical means to produce or have ready access to miniaturized undetectable materials to conceal or protect the degradation of dangerous biological-chemical agents. The application of nanotechnologies will be the ability to manufacture almost any mechanical device cheaply and in large quantities, which could result in new classes of armor, sensors, explosives, computing means, and energy generation and storage.³⁴

Biotechnology/Biofuels

Biotechnology has applications far beyond medicine, pharmacology, and genetics. Future military influences intersect with materials science and manufacturing toward a bio-based economy.³⁵ For the last 10 years, petroleum-based products have been the primary raw material for the world's economy. Prominent among replacement products are biological sources obtained from plants and animals. The National Agricultural Biotechnology Council forecasts agriculture to be the primary source of chemicals, energy, and materials. In a bio-based economy, the primary raw materials will be genes, and new genes will be the source of innovative products. In the near-future, the U.S. requires assured access to a broad-based, diverse supply of genes. Whereas petroleum is found worldwide, genes concentrate in equatorial regions for physical and biological reasons that give rise to what biologists call the latitudinal density gradient. As a consequence, equatorial regions may become more important to our nation's energy security.³⁶

The 2010 Quadrennial Defense Review identified energy as a strategic issue. The DoD currently spends over \$13 billion a year on energy, but meaningful change that addresses operational energy and not institutional energy savings has been mostly rhetoric.³⁷ Energy storage technology is a necessity for a viable alternative to fossil fuel sources. The first commercializers will gain a significant global, military, and economic advantage, developing the ability to store and use energy on demand from a combination of alternative sources.³⁸ A recent study found

that, in the energy sector, the need for new infrastructure extends the time frame needed to widely adopt a new production technology is about 25 years. Any new form of energy is highly unlikely to use the current infrastructure without major modifications, so any innovative developments will demand a massive investment.³⁹ A massive outlay in infrastructure development may appear contrary to the current fiscal realities, but considering the expense from 1976 to 2007 of over \$7 trillion to keep aircraft carriers alone in the Persian Gulf,⁴⁰ the investment spread over several decades seems reasonable.

Cyberspace

The 2011 National Military Strategy states that cyberspace capabilities enable combatant commanders to operate effectively across all domains. Should a large-scale cyber intrusion or debilitating cyber attack occur, a broad range of options are necessary to ensure access to the cyberspace domain and to hold malicious actors accountable. Many threats will operate transnationally requiring ongoing cooperation and multinational interoperability between security services.⁴¹ Advances in robotics, cognitive science coupled with powerful computing, sensors, energy efficiency, and nanotechnology will combine to produce rapid improvements in capabilities of combat systems. Cyberspace will likely be exploited by all types of actors, but their effects are likely to vary, and disputes regarding attribution, intent, and legitimacy of cyber attacks will occur.⁴²

Offensive cyber attacks will be used to penetrate and attack electronic-rich systems, networks, and infrastructure.⁴³ Containment is the new protection – for years, cyber security defenses have focused on keeping cybercrime and malware out. Outbound inspection will focus on technologies to be more about containment after initial penetration. If the pace of technological change continues, greater change will occur over the next 20 years than over the previous century.⁴⁴

The complexity of interactions between individual actors and the community means that cyberspace is best described as an ecosystem. Understanding outcomes means understanding many factors in the environment and a multitude of actors in complex nonlinear interactions.⁴⁵ Driven by cooperation and competition, as a manmade system the characteristics of cyberspace are manageable. The challenge is to develop the capacity to understand the behavior and leverage points in this complex system.⁴⁶ The ability to adapt to any system shocks requires a highly capable cadre of people at all levels. The DoD must develop and nurture a strong cadre of cyber experts similar to the naval, air, and space operators who have enabled access into other realms. The issue is one of vision and will to put limited resources into the mission and away from traditional missions. The intellectual challenges are interdisciplinary.

Conclusion

A fiscally conscious Joint Force of 2020 will operate in a competitive and complex global security environment. Strategic thinking, leveraging insight and foresight, will maintain U.S. military capabilities unmatched in the world for decades to come. Early adoption of nano- and biotechnologies, coupled with increased efforts in cyberspace, will provide considerable economic and military advantages to those who make a significant commitment. Unburdened by

existing infrastructure and historical patterns of development, competitors such as India, China, and other developing countries may have the opportunity to be the first to develop a host of these emerging technologies. However, current U.S. budgetary concerns and the need to undertake large-scale investments, in infrastructure and capital assets after a decade of war, places the U.S. in a unique situation to invest in and mature these technologies to take advantage of its early lead in these areas. Officers educated in world cultures who have an understanding of key strategic factors such as urbanization will form the vanguard of strategic thinkers necessary to see these technologies developed for future operations.

Although future environmental changes hold the potential for conflict and will create new security risks, global and national conditions are currently such that the opportunity for fundamental change exists. It is time for national decision makers to develop a sense of urgency in addressing the problems of the current and future security environment. The costs over the next decade will be trillions of dollars that the nation can ill-afford to spend unwisely. Substantial change takes decades or more to fully implement and senior officers cannot be preoccupied with their “in-boxes” at the expense of more important and far more difficult challenges and choices. The risks are debatable, but the opportunity is here to go bold or to go old.

About the Author

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Strategic Footprints: Players' Testimonies

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The purpose of this paper is to determine if the interviewed leaders are engaged in strategic thinking and strategic planning, or not; and how they use socio-technical systems to achieve the organization's vision. To set a frame for the research, the following definitions will help: Hughes and Beatty stated that "Strategic thinking refers to cognitive processes required for the collection, interpretation, generation, and evaluation of information and ideas that shape an organization's sustainable competitive advantage."¹ On the other hand, Drucker said that "strategic planning is analytical thinking and commitment of resources to action."²

For mapping the interview process, a model was designed with the following elements: (1) the leader; (2) human ware; (3) organization's culture; (4) tech ware; (5) two or three strategic drivers; (6) strategic action; and (7) strategic learning process. These elements were considered to develop the questionnaire used to lead the interview process with the selected leaders. The model helped the researcher identify the degree in which the leaders use that what is known as the whole strategic process: (1) thinking; (2) planning; (3) executing; and (4) learning strategically. After each question, a brief summary of the leaders' answers is presented.

Eventually, every activity becomes obsolete.
—P. Drucker

Socio-technical systems search to stress the reciprocal interrelationship between human and machines and to foster the program of shaping both the technical and the social conditions of work, in such a way that efficiency and humanity would not contradict each other any longer³.

The purpose of this paper is to determine if interviewed leaders are engaged in strategic thinking and strategic planning, or not; and how they use socio-technical systems to achieve the organization's vision. To set a frame for the research, the following definitions will help: Hughes and Beatty stated that "Strategic thinking refers to cognitive processes required for the collection, interpretation, generation, and evaluation of information and ideas that shape an organization's sustainable competitive advantage"⁴. On the other hand, Drucker and Maciarello said that "strategic planning is analytical thinking and commitment of resources to action"⁵.

The following model was designed as a path to develop the questions that were addressed in the interviews. See figure 1:

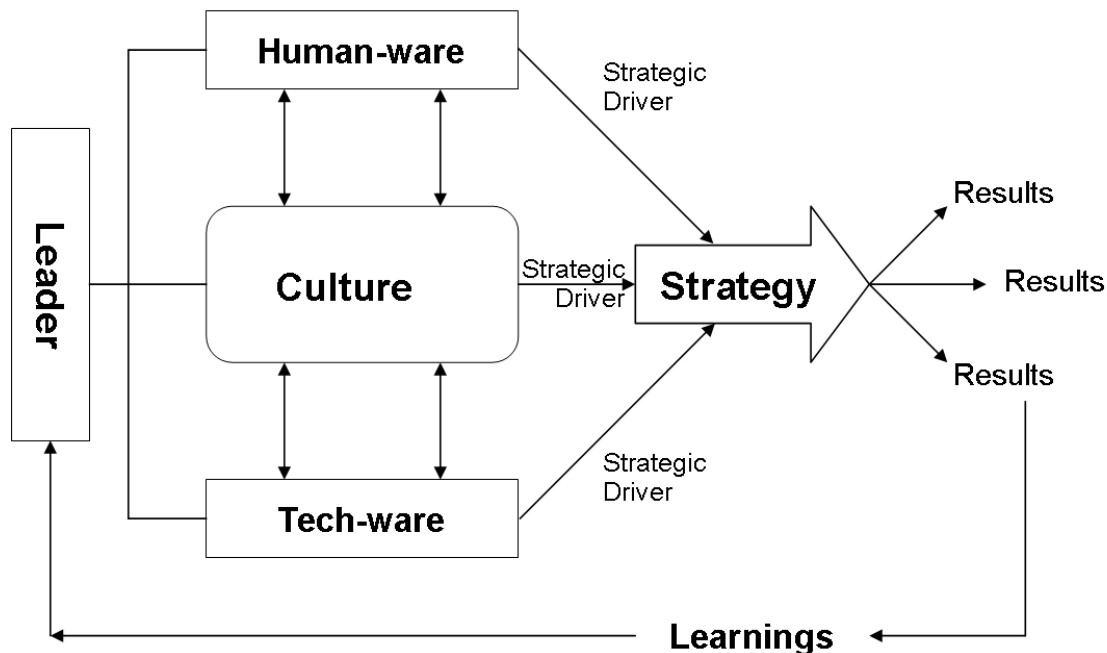


Figure1. Model based on socio-technical systems used as a guideline to write this article.

Reviewed Literature

As observed in the model, there are nine elements that were considered to develop the questions that were included in the questionnaire used to lead the interviews' process. The model helped the researcher to have a point of view that includes the whole strategic process: (1) thinking; (2) planning; (3) executing; and (4) learning strategically.⁶

In order to have a frame of reference to which compare the leaders' answers, the managerial competencies pointed out by Hellriegel, Jackson, and Slocum were selected; managerial competencies are defined as sets of knowledge, skills, behaviors, and attitudes that a person needs to be effective in a wide range of positions and various types of organizations.⁷ The six competencies are: (1) communication; (2) multiculturalism; (3) planning and administration; (4) self-management; (5) strategic action; and (6) teamwork.⁸ These competencies fit well with each part of the model; this is the reason why, in addition to including the reviewed reference articles, the definition of each competency is presented in every section of the article to provide the backup for the questions related to the corresponding part of the model.

The Candidates

After reviewing the literature, the conclusion was that the ideal candidates for the interview should be CEOs or high-ranked executives of small-medium companies. The selected interviewees are individuals between 30 and 50 years of age. Two of them are CEOs of an IT (ITL) and metal-mechanic (MML) companies, respectively. The third one holds the position of international relations' director at a university and he is also a former entrepreneur (EL). The three interviewees are industrial systems engineer graduates; the EL has a doctorate in business administration. Monterrey is Mexico's industrial capital; but it is rapidly moving toward a knowledge-based economy. This is the reason why these leaders were selected from three different industries; the metal-mechanic is more related with the industrial age, and the other two are more inserted in the knowledge age: IT and education. In the first part of the interview, the leaders were asked to answer general questions. These questions included some that made reference to the type of industry in which the organization is immersed, its characteristics, the company's features and years of established, as well as number of employees and major competitors. The interviewed leaders were aware of their organization's position within their corresponding industry.

The Leader

The interviews started with the leader's personal life, because it is clear that, from his own worldview, unfolds the ideas and relationships that he has with things, systems and people required to achieve his goals. As Covey stated, we see the world not as it is, but as we are...when we describe it, we describe our perceptions of the world around us.⁹

Drucker pointed out that, for managing oneself, one must answer a few questions such as: (1) what are my strengths?; (2) how do I perform?; (3) what are my values?; (4) where do I belong?; and (5) what should I contribute?¹⁰

Hellriegel, et al. (2008), stated that self-management competency refers to developing the self and taking responsibility for matters that involve life, work and beyond. Self-management competency includes: (a) integrity and ethical conduct; (b) personal drive, and resilience; (c) balancing work and life demands; and (d) self-awareness and development.¹¹ Based on Drucker's questions and the self-management competency (2005), the following questions were developed:

Personal leadership:

1. Mention some of your personal strategies to pursue work-life balance.

All three leaders mentioned that they exercise on a regular basis; they also highlighted the importance of scheduling time to spend with family/wife frequently. EL mentioned that his exercise time is vital to being in touch with himself. Having a quality personal time is of utmost importance to effectively manage other relationships. The other two leaders mentioned the importance that cultivating friendship and spirituality has for them. EL said that separating work and life is a myth; whereas ITL said that separating these two areas is important. MML said that he was facing problems in his organization as a result of a lack of balance between his personal and work life; he admitted to neglecting his company's operation-sales.

2. *Which are your strengths that you use to enrich your contribution to the organization?*

ITL stated: (1) vision; (2) ability to organize; and (3) ability to provide a sense of security. MML said that: (1) humane treatment; (2) ability to reassure clients to collaborate with them; and (3) fairness in his business dealings. EL pointed out: (1) international focus; (2) balance between the academic and the business model of the university; and (3) previous entrepreneurial experience.

Organizational leadership:

The following statement was submitted to the interviewees in order to provide a context prior to the next question: "According to the Center for Creative Leadership, leadership begins with individuals in leadership positions, but it doesn't end there. An organization's success depends on the ability of formal and informal leaders to pull together in support of organizational goals that ultimately makes the difference."¹²

3. *When a client gets in touch with some of your team members; what do you expect the client to experience?*

MML said that he expects from his employees that they communicate clearly and effectively with respect for the clients' time. When asked about the characteristics that employees should have in order to provide that experience, he answered that honesty and clarity, firmness and discipline were the most relevant. For EL, clients expect to have their needs addressed and expectations fulfilled; the ability to offer an honest answer of whether the organization can or cannot address the client's needs is expected from his employees. Regarding the abilities that he requires from his employees, self-management and being proactive are the most important, along with loyalty to the leader, the team, and the organization. For ITL, the client must be treated as he deserves; his problems and requests must be solved. The services provided must leave a mark on the organization's clients.

It is interesting that all three leaders expect from their employees that they reflect certain values when dealing with their clients, such as honesty, respect, service and communication. These are more related to the employees' character than to their skills or technical competencies. In other words, the added value that these leaders expect that their customers receive is related to the character of their employees. Leadership is exercised through character; this is what sets the example and is imitated.¹³ This is why it is highly important that along with a good business strategy, there be a leadership development strategy¹⁴ inside the organization. This will ensure that clients receive the value added that they expect.

Human-ware

Goffee and Jones said that leaders manage employees with empathy.¹⁵ In describing the communication competency, Hellriegel et al. said that, "it is the ability to effectively transfer and exchange information that leads to understanding between the leader and its followers."¹⁶ Communication is the building block of the teamwork competency. This competency is defined as the ability to "accomplish tasks through small groups of people who are collectively responsible and whose job requires coordination."¹⁷

Jim Collins (2001) stated that level five leaders: (1) attended to people first, strategy second; (2) held faith and facts at the same time; (3) do not achieve greatness overnight, it is the result of a process; (4) focus on the intersection of three concepts: (a) what the company can be the best in the world at; (b) how its economics work best; and (c) what best ignites the passions of its people; (5) carefully select which technologies to apply; and (6) foster a culture of discipline in these three forms: (a) disciplined people; (b) disciplined thought; (c) disciplined action.¹⁸ Based on these concepts, the leaders were asked to answer the following statement.

4. *In each of the following statements, mention those which you consider to be the most important for the organization.*

Vision - people (EL, ITL, and MML: people)

Faith - facts (EL: faith; ITL and MML: facts)

Immediate response - improvement process (EL and MM: immediate response; ITL: improvement process)

Be the best company - economy at the best - team members passionate about the vision (EL, ITL, and MML: team members passionate about the vision)

The cutting edge of technology - carefully selected technology according to organization's needs. (EL, ITL, and MML: carefully selected technology according to organization's needs.)

Disciplined people- disciplined thoughts - disciplined actions. (EL and MM: disciplined people; ITL: disciplined thoughts.)

As it can be observed, the interviewed are in process of growing as leaders. It can also be inferred that they recognize the importance of putting people first as a key to have a successful organization; this concurs with what Drucker stated, knowledge workers must be seen and treated as an asset.¹⁹ Collins highlighted the importance it has that leaders deal with present-future/urgent-important situations at the same time, on a daily basis in organizations. Drucker said that "To balance change and continuity requires a continuous work on information. Nothing disrupts continuity and corrupts relationships more than poor or unreliable information."²⁰ Regarding technology, Collins pointed out that, once the leader chooses the right one, he should not hesitate to implement and use it for good. Finally, in order to achieve high level organizations, leaders must develop disciplined people, disciplined thoughts and disciplined actions.

Organization's Culture

Bolman and Deal define an organizations culture as "the interwoven pattern of beliefs, values, practices and artifacts that defines for members who they are and how they are to do things."²¹ The competency related to this concept is multiculturalism, defined as, "understanding, appreciating and responding to diverse political, cultural and economic issues across and within nations."²² Bulleit stated that there are several questions that can prove to be effective when managing team conflict²³, the following question was selected to be presented in the interviews:

5. *How do you identify and solve conflicts?*

ITL stated that he identifies conflict based on his instincts; on the other hand, MML said that conflicts are, almost always, rooted in dishonesty, envy and personal pride. EL said that he identifies conflicts by the perceived work environment and the resented employee's reactions.

To solve conflicts, the leaders highlighted the importance of establishing an environment of respect and dialogue to conciliate solutions. EL stated that if the leader becomes the judge between the conflicting parties, he will only intensify the conflict. Gofee and Jones affirmed that real leaders empathize fiercely with the people they lead; by empathy they mean to balance respect for the individual and for the task at hand.²⁴

Tech-ware

The main focus of this part of the model is not technology per se, but the perspective that structure itself has an impact in the organization's culture, its strategic executions, and results. For dealing with the organization's structure, the leader requires the planning and administration competency which, "involves deciding what tasks need to be done, determining how they can be done, allocating resources to enable them to be done, and then monitoring progress to ensure that they are done."²⁵ Maletz and Nohria coined the concept "whitespace," to describe all the opportunities that fall outside the scope of formal planning, budgeting, and management.²⁶ Those whitespaces can present strategic opportunities beyond the structure; a good strategic leader is expected to take advantage of these areas. Before the tech-ware question was made, the following whitespace definition was presented to the interviewees.

An organization's technology and structure have an impact in the organization's capacity to change and in its effectiveness to achieve goals. "In organizations there are places where rules are vague, authority is fuzzy, budgets are nonexistent, and strategy is unclear- and where, as a consequence, entrepreneurial activity that helps to reinvent and renew an organization takes place."²⁷ These places are named whitespace.

6. *If you identify "whitespace" in your organization, what should you do?*

MML declared that, if he perceives a business opportunity in the whitespace, he allocates resources to explore it; he stated that he is a risk-taker, based primarily on intuition and in gut feelings. This is the reason why his company has the biggest metalworking lathe in Mexico, which has given them the opportunity to have 50 percent of their clients in the U.S. and some others in Europe, besides their Mexican clients. This leader's taste for risk has led the organization to open new markets in diverse industries, such as energy generation, aerospace, and others. On the other hand, ITL affirmed that he organizes the space and establishes strategic goals, metrics, and processes to deal with the opportunities. EL turned out to be more cautious in his answer regardless of the fact that he indeed has taken advantage of whitespaces in his organization. He stated that, when facing opportunities, one must be careful not to neglect the daily basis operation in order to avoid compromising the expected operational results while in the search of those opportunities.

Strategic Drivers

Hughes and Beatty said that strategic drivers are those relatively few determinants of sustainable competitive advantage for a particular organization in a particular industry or competitive environment.²⁸ Strategic drivers as well as strategic action and learning are related to the strategic action competency, which is defined as “the ability to understand the overall mission and values of the organization and ensure that employees’ actions match with them.”²⁹

This statement was presented to the interviewed leaders: “Strategic drivers are the relatively few (e.g., 3-5) determinants of sustainable competitive advantage for a particular organization in a particular industry; also known as key success factors, key value propositions, or critical success factors,³⁰ and followed by the question:

7. Which are the strategic drivers of your organization?

EL answered: (1) knowledge and research: without knowledge there is no leadership; (2) clear vision: what to do and how to do it; and (3) congruence: to fulfill what is promised.

ITL said: (1) quality and speed to deliver; (2) flat-costs structure; and (3) continuous HR training program.

MML stated: (1) three work shifts to cover 24-7 clients’ requirements; (2) the biggest lathe in Mexico; and (3) integral sales service: collaborative hands-on partnership with clients.

As it can be observed, the knowledge based organizations’ leaders mentioned that their strategic drivers are more based on intangible assets, whereas the metal mechanic organization’s leader is more focused on tangible assets. To keep their teams informed and aligned, the leaders concurred that they must schedule meetings on a regular basis every week or two and review strategic objectives every quarter. ITL and MML stated that they use software as a tool to support these actions and properly follow up on goals and commitments from their team members. EL said that he expected self-management from his employees and apparently he does not use software to monitor the follow-up efforts. None of the leaders claimed to carry out strategic planning in periods longer than a year.

They also concurred in the importance of following up of employees in order to achieve strategic goals.

Strategic Action

Strategic action includes: (a) understanding the industry; (b) understanding the organization; (c) taking strategic actions; (d) take initiative to see opportunities; and (e) be open to suggestions and ideas of lower ranks or other functional areas.³¹ Kotter and Schlesinger stated that “organizational change efforts often run into some form of human resistance; and managers... often apply a simple set of beliefs or stereotyped clichés of the organization’s departments...this limited approach can create serious problems. Because of the many different ways in which individuals and groups react to change, correct assessments...require careful thought.”³²

The following definition was presented before addressing the next question: Strategic action is the set of actions that leaders take to improve the organization's performance to be better and/or different than its competitors in meeting customers' needs.

8. *What would your working teams' reaction be if they faced a radical change in the organization?*

The leaders concurred that there some cultural factors that affect the way in which teams within the organization react to changes. EL stated that, because Mexican culture is highly oriented to uncertainty avoidance, the simplest comment on change will create a negative reaction and this happens even before the employees know if these changes will be for their benefit or not. The other two leaders made reference to the same kind of situation by using different words to describe it; for example, ITL said that around 70 percent of the employees will resist changes as a norm.

Cultural dimensions explain cultural differences among executives of diverse countries. Two of these cultural dimensions are: Uncertainty avoidance that deals with a society's tolerance for uncertainty and ambiguity; and uncertainty avoiding cultures try to minimize the possibility of uncertain situations by strict laws and rules, safety and security measures. The second one is power distance, which shows the extent to which the less powerful members of organizations and institutions accept and expect that power is distributed unequally.³³ Mexican culture is ranked high in both dimensions. The combination of these dimensions causes the leader to decide, sometimes, more autocratically in order to position the team on the track of change. This seems to be an important discovery to follow up, but it is out of the scope of this paper.

Strategic Learning

Hughes and Beatty stated that strategic learning is a three part process that includes: (1) strategic thinking, (2) strategic learning; and (3) strategic influencing.³⁴ Walsh pointed out that successful organizations "(1) develop learning communities and networks among multiple levels of managers and across the organization, and facilitate cross-functional collaboration; (2) build management involvement into system design; (3) bridge the gap between learning and the real work; and (4) measure the results."³⁵ The following definition was stated prior to presenting the last interview question: The learning organization has both the drive and the capabilities to modify or transform itself and improve its performance continuously.³⁶

9. *Which of the following set of statements best describe your organization?*

A: *"Try it," "faster," "collaboration," "vision," "cutting edge," "initiative."*

B: *"Follow the procedures," "document it carefully," "be efficient," "this is how things are done here."*

These statements were stated by Hughes and Beatty when describing an organization that fosters strategic learning (A) as opposite to the one which does not (B).³⁷ The three leaders claimed to lead a type A organization. Simons (1999) stated that "most managers pretend to be nicer than they really are."³⁸ It would be interesting to include the followers of these

organizations in the research, in order to verify if answers concur with their leaders' perspective.

Interviewed leaders claimed the use of intuition based on previous experiences in their process of planning and implementing strategies.

Results and Conclusions

Because of the high position that the interviewed leaders occupy in their organizations, it is a prerequisite that they handle some level of strategic thinking and planning. This was clearly shown in their answers.

Leaders are immersed in a wider community, from which they bring forth and reproduce different strategic practices that influence the way in which the daily strategizing activities are carried out.³⁹ One of the leader's key activities is to communicate strategically to achieve organizational goals. To accomplish that, he must construct a strategic meaning in all team members at all levels of the organization. This meaning's construction will also have an impact in the organization's socio-technical systems and vice versa. Seidl stated that it is impossible to transfer meaning from one context to another because socio-technical systems also conform the discourse (meaning).⁴⁰

It is as important as having a business strategy that leaders also have a leadership development strategy. Within this strategy there must be an environment of trust and respect for individuals and for the task, so that the process of strategic thinking, planning, and influence can be spread in every organizational level.

Strategic leaders must deal with the tension of present-future situations on a daily basis. For dealing with this successfully, they must have reliable information systems and also have fostered an environment of openness in their communication with followers; all this, so that they can obtain sound information to make strategic decisions that allow the organization to achieve its goals.

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Transformational Organizational Design: Appealing to Successive Generations of Workers

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Organizational design is among the competitively differentiable variables. Companies enjoy a material degree of latitude in such designs. Potentially gratifying options are abundant. One of the prevalent organizational design issues is the disparity between generational norms of senior management and their subordinates, particularly entry-level new hires. This phenomenon rightly affects choices aimed at sustaining corporate momentum. Wise leaders adjust their modus operandi to avoid a generation gap trap. Organizational designs must appeal to the best and brightest of succeeding generations. This tactic bodes better than demanding that new hires accede to legacy norms. The omnipresent reason is that new hires have choices. Accordingly, this effort endeavors to examine organizational design from the perspective of Generation Y employees. Juxtaposed against strategy, the categories parsed are: process, people, and tools.

A recent mentoring episode was the genesis for this article. A junior professional asked for assistance in evaluating a bevy of enticing career options among highly reputable employers. The facilitation method chosen was a criteria-based matrix.¹ A criteria-based matrix is intended to displace subjectivity with objectivity. The process is further described:

- First, identify evaluation criteria.
- Afterward, each evaluation criterion is weighted on a scale of 1-10, one being the lowest weighting and 10 being the highest weighting.
- Next, individual offers are rated by each evaluation criterion. A low rating corresponds numerically to one, a medium rating corresponds to five, and a high rating corresponds to nine.
- Then, for each option's evaluation criterion, the weighting factor is multiplied by the rating factor to create an evaluation criterion product, or score.
- Subsequently, the criteria products are summed for each option to determine an option total score.
- Finally, a "winner" is identified by the option with the highest total score.

Figure 1 below demonstrates the tool.

Options	Compen-sation		Corporate Culture		Type of Work		Challenge		Autonomy		Visibility		7th Criterion		Work-Life Balance		T o t a l
	Weighting	7	Weighting	10	Weighting	9	Weighting	8	Weighting	8	Weighting	8	Weighting		Weighting	10	
	Rating: L=1, M=5, H=9	S c o r e	Rating: L=1, M=5, H=9	S c o r e	Rating: L=1, M=5, H=9	S c o r e	Rating: L=1, M=5, H=9	S c o r e	Rating: L=1, M=5, H=9	S c o r e	Rating: L=1, M=5, H=9	S c o r e	Rating: L=1, M=5, H=9	S c o r e	Rating: L=1, M=5, H=9	S c o r e	
Alpha Offer	9	63	5	50	5	45	5	40	1	8	1	8		0	1	10	269
Beta Offer	9	63	1	10	5	45	5	40	5	40	5	40		0	1	10	293
Gamma Offer	9	63	1	10	5	45	5	40	1	8	1	8		0	1	10	229
Delta Offer	5	35	9	90	5	45	9	72	9	72	9	72		0	9	90	557

Figure 1

The exercise revealed that the most lucrative compensation packages lost! The mentee was persuaded by what the firm does, how they do it, and the culture of colleagues doing it, i.e., the chosen firm's organizational design eclipsed economic rewards. Figure 2 depicts a model of the mentee's thought process. From the mentee's perspective, the "winning" option rested within the converging subset of processes, people, and tools (the triangle in the dead center of the figure whose arced sides are red, green, and black).

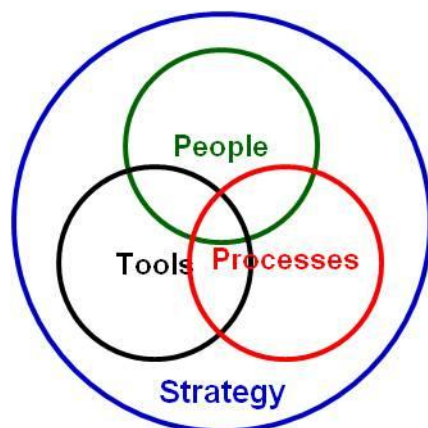


Figure 2

The mentee's behavior mimicked the economic irrationality of decision making, a refutation of the economic self-interest rationality model.² Moreover, the experience substantiated Herzberg's hygienic and motivating factors, as well as embodied the fulfillment and self-actualization criteria of Maslow's hierarchy.³ Interestingly, the mentor in this exercise is a baby boomer and the mentee is a Gen Y-er. Even more interesting is that the Gen Y-er was less surprised by the outcome than was the baby boomer.

Sustainable strategy relies in part on an articulating function of processes, people, and tools. For baby boomers running organizations, generational descriptors are material motivational variables. Twenty-first century organizational design must be capable of capitalizing on the intellectual property of employees to foster enduring competitive advantage for the organization, its leaders, and its followers.⁴

Strategy

Strategy is not the central focus of this article; however, it is the appropriate point of juxtaposition for effective organizational design.

All businesses are experiencing the following changes in their environment: (i) the globalization of customers, (ii) the preference of customers for partnerships or relationships, (iii) the customers' desire for solutions, (iv) the rise of electronic commerce, and (v) the steady increase in the power of the buyer.⁵

In response, "the primary [leadership] responsibility . . . is to determine an organization's goals, strategy, and design, therein adapting the organization to a changing environment."⁶

Strategy entails "positioning a business to maximize the value of the capabilities that distinguish it from its competitors."⁷ The "correct" strategic answer for a business addresses the basic question, "What are we going to do?" Competing in an increasingly boundaryless *[sic]* environment demands that strategy must encompass the issues of speed, flexibility, integration and innovation.⁸ Strategic execution must be congruent with purpose, vision, and values. Purpose and mission statements afford similar utility. Here, purpose is more compatible with the tenor of the article:

[Purpose] statements are enduring statements of [intention] that distinguish one business from other similar firms. A [purpose] statement identifies the scope of a firm's operations in product and market terms. It addresses the basic question that faces all strategists: "What is our business?" A clear [purpose] statement describes the values and priorities of an organization.⁹

Vision statements cover three crisp points: (i) guidance, (ii) options, and (iii) motivation.¹⁰ Values impart "enduring beliefs that a specific mode of conduct or end state of existence is personally or socially preferable to an opposite or converse mode of conduct or end state of existence."¹¹

Strategic thinking aligns with purpose, vision, and values. Strategic thinking is the "cognitive processes required for the collection, interpretation, generation, and evaluation of information and ideas that shape an organization's sustainable competitive advantage."¹² Diverse input and inclusion are best practices in pursuit of strategic thinking.¹³ Moreover, this practical pursuit reconciles with Gen Y DNA. To wit, inclusiveness improves dispersion of specific knowledge and facilitates change management.¹⁴ Employee inclusion fosters collaboration, teamwork, and personal development.¹⁵

According to Ivancevich, "A firm's strategy must be aligned with employees' competencies and performance if profitability, growth, effectiveness, and valuation are to be achieved."¹⁶ Ten suggestions outline effective employee development: (i) test for ability, focus, and ambition; (ii) stress futuristic skills; (iii) top-grade the ranks; (iv) deliberately assign challenging assignments; (v) place aspirants in demanding roles; (vi) individualize development plans; (vii) annually assess the talent pool; (viii) leverage compensation; (ix) hold talent town halls; and (x) personalize and reconcile individual career paths with the strategic vision.¹⁷

Ratcliff says that “Organizations are essentially networks of personal interconnections . . . [that] become a key component of strategic planning.”¹⁸ For entry level Gen Y-ers commencing careers, strategy is evaluated through a social consciousness prism.¹⁹ Gen Y-ers recognize the vast amount of time that will be consumed by work, and, consequently, want to know that their endeavors matter in relation to their values.

Processes

Processes define and determine how the company executes strategy. “Processes can directly alter patterns of activity, behavior, and performance.”²⁰ According to Hoffman, “The role of design allows operational overlays. Within organizational knowledge markets, workers have networks among other knowledge markets that facilitate free exchange of information and collaboration among professionals.”²¹ Effective designs “impact . . . individuals, group relationships, and the political dynamics of the organization.”²² Consequently, business model processes are an integral part of organizational design, i.e., “the unique ways in which each organization structures its work.”²³ Both processes and structure are part of Galbraith’s star model of organizational design.²⁴

Process configuration within the business model should accentuate company core competencies. Core competencies tend to be retained in the business model, whereas those functions not so designated are candidates for outsourcing.²⁵ Outsourcing accomplishes two primary objectives. First, outsourcing provides the opportunity to tap into vendors’ core competencies. Not only does this shore up a firm’s weaknesses, but it also achieves strength through synergistic collaboration. Second, outsourcing enables the company to keep headcount lean and remain within the optimum size of the organizational headcount.²⁶

Another perspective on processes is direct and indirect impact on the outcome.²⁷ Whether retained or outsourced, processes must be evaluated for their contribution to enterprise value. This may entail eliminating processes or changing them to yield better results. The overwhelming percentage of business model process steps contributes no enterprise value.²⁸ Only value-adding and value-enabling process steps should survive scrutiny for retention within the business model.²⁹ Capacity and scalability are enhanced via eliminating non-value added steps.

Outsourcing processes crosses the threshold of virtual blueprint, thus making the business model a hybrid design. Technology is a potent enabler of hybrid designs. Indeed, dynamic information flow can be the mortar that holds the design bricks together in the most efficient configuration.³⁰ A hybrid business model that keeps its vital core competency functions and outsources its perfunctory ones is an alternative means of enabling the firm to remain smaller and nimbler around the important processes while amplifying bandwidth for accretive customer interaction.³¹

Not only do processes constitute how products are delivered to customers, but processes also describe how teams coordinate activities within the organizational structure. Good processes promulgate the competitive advantage of speed.³² In toto, process patterns pursue homeostasis to define economies of scope for functions supporting many internal and external customers. Moreover, the same holds true for economies of scale for specialized functions. The aggregated

processes require some type of supervisory structure to achieve a threshold of governance.³³ The supervisory structure influences the three types of human relationships: (i) cooperation, (ii) control, and (iii) autonomy.³⁴ The tenor of these relationships is depicted in organizational charts.

Overly complex structures collapse beneath the weight of vague and ambiguous responsibilities.³⁵ Cooperative organizational designs tend to be deceptively flat.³⁶ Professionals within these structures have indistinctly defined roles, i.e., they have great latitude in doing whatever they think necessary to get the job done. Cultures of these units may be ad-hoc or clannish.³⁷ General consulting may fit this description. A controlled environment is traditionally bureaucratic.³⁸ Machinations, timing, and outcomes are predictable. These cultures may be observed as hierarchical.³⁹ A traditional, tenured factory floor may be indicative of this configuration. Autonomous structures are characteristically flat.⁴⁰ The teams within these autonomous units align to accomplish the objective, but otherwise are isolated from the rest of the organization. These teams may model clannish, ad-hoc, or market-focused cultures.⁴¹ A creative “skunk works” unit within a larger organization is such an example.

Gen Y-ers are more likely to gravitate toward cooperative scenarios, and least likely to aspire to controlling ones. Gen Y-ers may find fulfillment in autonomous scenarios, provided it comes with people interaction. The degree of open systems architecture is likely alluring to Gen Y-ers. “An open system is one that interacts with its environment: it draws input from external sources and transforms it into some form of output.”⁴²

Several structures are available for accommodating the business model processes. A functional structure hierarchically clusters similar specialties, e.g., engineers.⁴³ Divisional structures are commonly rationalized by organizational outputs, e.g., product line.⁴⁴ Divisions are largely autonomous, although they may reside in a much larger corporate family. Geographical structures are influenced by homogeneity of customers, e.g., the U.S. subsidiary of a German precision manufacturer.⁴⁵ Horizontal, or linear, structures are driven by core processes, e.g., manufacturing and assembly.⁴⁶ Whereas companies may achieve at least a partially virtual configuration through outsourcing, some business models are entirely virtual. Such business models may function as a sales organization in a host country while farming out production to another continent whose suppliers drop-ship to end customers.⁴⁷ Matrix structures are a final option. However, they may be tough on employees as they have at least two bosses, e.g., line and function.⁴⁸ The hazards of serving two masters is Biblically codified.⁴⁹

People

People execute the strategy, i.e., “the unique ways in which each organization . . . motivates its people to achieve clearly articulated strategic objectives.”⁵⁰ Wise organizational design positions the right people, with the right skills, in the right positions, at the right time, with the right information, and the right incentives aligned with the desired outcomes.⁵¹ The workforce is increasing diverse—more female and less Anglo.⁵² Keen leaders recognize this as an opportunity for refining a global market strategy. Accordingly, the organizational design must attract diverse contribution to realize these synergies. These employees may include high potential professionals, i.e., those likely to succeed in more challenging future roles.⁵³

Strategic initiatives stall or go astray because responsibilities are fragmented or unclear. Turf wars torpedo collaboration and knowledge sharing. Promising opportunities may flounder for lack of managerial attention.⁵⁴ Another possibility explains failure or stagnation: employees are not challenged to improve the business model. Those closest to the granular aspects of process are the subject matter experts for potential workflow improvement. Employees may be sitting on a trove of competitive improvements and only await empowerment and facilitation to implement them.⁵⁵

Provided the strategy is viable, the challenge for leaders is an organizational design that includes appealing career paths to Gen Y-ers. Job descriptions memorialize employees' roles and responsibilities; however, leaders must be cautious to avoid excessive restrictions to preclude warding off talented candidates. Challenging and varied stretch assignments conducive to skill development and personal growth are advisable. This enables the employee to be part of several different tribal networks for several different functions.

Most organizations rely on a fairly conservative selection process that focuses on narrow abilities and gives short shrift to broader or unusual potential, excluding some of the most promising candidates. . . . The real challenge may not be so much identifying talent as getting serious about seeking it. Most employers worry far more about the devastating effects of making a bad hire than about selecting someone who is competent but not exceptional—good, not great.⁵⁶

Organizational design should “focus on the social, cultural, and political aspects of design to make it sustainable.”⁵⁷ Deft performance management may contribute to this objective. Performance management is “the process by which executives, managers, and supervisors work to align employee performance with the firm’s [strategic] goals.”⁵⁸ Motivating people is complicated. Herzberg’s hygienic factors include compensation. These factors are de-motivating by their absence; however, their motivational potential is asymptotic. Herzberg’s motivational factors include those things most appealing to Gen Y-ers: achievement, recognition, nature of the assignments, responsibility, advancement, and personal growth.⁵⁹

Leaders responsible for Gen Y-ers should avoid five specific mistakes.⁶⁰ First, do not take Gen Y-er engagement for granted. Playing to strengths is highly correlated with engagement.⁶¹ Second, avoid prognostications based on past successes. Third, pour on the development training. Find the strengths of high potential employees and relentlessly cultivate those attributes.⁶² Fourth, place the high potential employees in realistic, challenging scenarios. Do not confuse policies with commandments. Exceptions can be made for aspiring leaders.⁶³ Fifth, do not assume that the high potentials will “take one for the team.” Indeed, Gen Y-ers are most likely the antithesis of the organizational man or woman.⁶⁴ Finally, embrace transparency for objectives and methods. Talent development is a continual process that keeps the Peter Principle at bay.⁶⁵ Effective leaders share talent development responsibilities.⁶⁶

Relative to the structure of the firm and the professionals comprising that structure, team culture must be indefatigably forged. The odyssey will likely pass through the forming, storming, norming [*sic*] and performing stages of development.⁶⁷ Decision making through this journey may be improved according to the following recipe: “(i) prioritize the decisions that must be

made; (ii) examine the factors involved in each; (iii) design roles, processes, systems, and behavior to improve decisions; and (iv) institutionalize the new approach through training, refined data analysis, and outcome assessment.”⁶⁸ Double-loop learning also behooves the routine.⁶⁹

Tools

Tools are the instruments that affect how the people prosecute the processes of strategy. With the advent of the industrial revolution, the tools of manual labor yielded to the efficiencies of automation. Scientific management became a byproduct of the industrial revolution.⁷⁰ While productivity surged, the isolation and discontentment of workers increased. As substantiated by the Hawthorne Studies, people are social creatures who enjoy commingling camaraderie with work.⁷¹ The information revolution enables this preference.⁷² Whereas George Orwell’s 1984 Big Brother depiction of technology once petrified people, high tech tools are now embraced for their corporate and personal utility. Technology with “service oriented architecture . . . designs and deploys software that supports business . . . activity.”⁷³ Three criteria should guide technology evaluation: (i) business model criticality, (ii) the performance—or lack thereof—of present systems, and (iii) the predictability of its cost to value.⁷⁴ More interestingly, however, these efficiencies may cohabitate with flexible lifestyle choices to alter when the work is actually performed.⁷⁵ In deference to Gen Y-ers, for example, employers increasingly indulge environmentally conscientious employees who eschew the traditional commute from suburbia to metropolis to reduce their carbon footprint. E-mail, telecommunication, instant messaging, and video tools like Skype enable sufficient connection in this virtual design. Consequently, dexterous firms are capable of reinventing themselves toward competitive advantage. Moreover, these firms reset Handy’s sigmoid curve while enhancing contentment of their employees.⁷⁶ A windfall from this design might be expense reduction. To wit, an ad agency with virtual employees and processes may contend with less office space.

Incentives loom large among within the leader’s toolbox. Appropriate awards are part of viable performance management. Managers should beware, however, the ghost of scientific management, whose rote tasks are part of an “if/then” reward system. By contrast, a “now, that” alternative is more aligned with the creative knowledge worker—especially when creativity is part of the desired outcome.⁷⁷ Employees cannot be predictably creative on demand during a 9-5 routine. Inspiration may occur at 2:00 a.m. Sunday morning for a person who attended a contemporary church service Saturday evening.

Balanced scorecards are especially relevant to contemporary designs.⁷⁸ First, consider a possible Gen Y-er’s perspective on the balanced scorecard categories: finance, customer, process, and learning and growth. The financial metrics entail the ability to make profits in order to survive. However, the other three categories make the quest more personal. Gen Y-ers are more likely to respond to the type of customer served and the purpose for the service. For example, selling tobacco products is more likely dodged in favor of something akin to rehabilitation prosthetics for veterans. Returning to process, the Gen Y-er is more likely to at least want knowledge of the supply chain—if not immersion within it—out of sense of connectedness. Finally, the ability to enhance skills for marketability and personal fulfillment means that leaders must be keen to

training and development, as well as variety of accretive projects to keep their Gen Y-ers engaged.

Perhaps an underappreciated tool for palpating the firm pulse is the employee survey.⁷⁹ Most employee surveys tend to be bulky. In deference to the shorter Gen Y-er attention span, perhaps a corollary to the net provider score survey has merit.⁸⁰ The only statistically valid customer survey question is a variation of “Would you recommend Brand X to your friends and family?” The reason the question is so potent is that it requires the respondent to invest personal capital in the answer. Could an employee survey constructed in this manner be comparatively useful, e.g., “Would you recommend this company as career fulfilling to your friends and family?” Two follow-up questions may be further enlightening: (1) If not, why not? (2) If so, why so? The freeform follow-up questions may consume more time to analyze than a Likert scale. However, the responses afford leaders a trove of content for connecting with their Gen Y-ers.

A final tool relevant to futuristic organizational design is the style of leadership. Traditional options are an unlikely fit. By contrast, servant, transformational, open source, strength-based, meta, and distributive styles appeal more to Gen Y-ers.⁸¹ The hallmarks of these styles are sincerity, empathy, transparency, empowerment, inspiration, and inclusion.⁸² The leader’s role is not to squeeze human assets for the most value, but rather to provide support to develop talent en route to personal fulfillment. Productivity and reduced turnover are byproducts of this style. Southwest Airlines is a good example of this model. The carrier reasons that happy employees lead to customer satisfaction and gratifying financial results.⁸³

Conclusion

According to Gould and Campbell, “Organization design is neither a science nor an art; it is an oxymoron. Organizational structures rarely result from systematic, methodical planning. Rather, they evolve over time, in fits and starts, shaped more by politics than by policies.”⁸⁴ By whatever black box alchemy that organizational design evolves into its existing, stable configuration, the design must increasingly appeal to Gen Y talent in order to thrive in a Darwinian market. Otherwise, the forces of entropy threaten the firm’s demise.

The model referenced in this article first focused us on strategy. The strategic challenge entails how products, prices, placements, and promotions are most successful through the three design topics: processes, people and tools. Organizational processes must be repeatable, reliable, scalable, and robust. These decisions drive economies of scale and scope to accomplish efficiencies. In complement, the people recruited for process responsibility must be acculturated, trained, motivated, empowered, challenged, recognized, rewarded, and retained. The labor pool is increasingly Gen Y. Thus, the leadership response to organizational design must, by necessity, be attuned to Herzberg’s motivating factors to provide self-actualization aspirations for talented employees.⁸⁵ Finally, the tools of organizational design must jibe with Gen Y orientation. This means liberal punctuation of workflow with technology to bolster autonomy, flexibility, speed, and productivity. Not only does this technology possibly violate the comfort zone of baby boomer bosses, but such tools are likely to change rapidly—aligned with the technological evolution of Moore’s law.⁸⁶ Leaders and followers who engineer organizational design will discover that both good structure is difficult to accomplish, and a plethora of “right” options are

available. Organizational design choices have a nebulous half-life. To wit, “effective organizational design is a never-ending process.”⁸⁷

Global and virtual organizations are further challenged by cultural diversity. Xenophobia is to organizational design what HIV is to the body. Geert Hofstede⁸⁸ documented five descriptive categories of diversity: (i) power-distance, (ii) long-term orientation, (iii) masculinity, (iv) individualism, and (v) uncertainty avoidance. Cultural variation may be understood via other profiling tools. For example, the Organizational Cultural Assessment Instrument identifies the options of hierarchical, or controlling; clan, or cooperating; adhocracy, or creating; and market, or competing (Cameron & Quinn, 2006). Gen Y-ers are least likely attracted to hierarchical cultures. Deductively, two alternatives appear alluring to Gen Y-ers. First, market and adhocracy tendencies may conflate to drive external focus and differentiation. Second, clan and adhocracy proclivities may blend to produce flexibility and discretion.

In summary, the nostalgic visual comes to mind of the entertainers on the Ed Sullivan Show who balanced multiple spinning plates on a cluster of poles. Each plate had a distinct start time but spun at a dissimilar speed from other plates. Thus, it was possible for multiple plates to simultaneously enter the wobbly state that threatened their toppling from the pole and certain breakage. The entertainer was compelled to continually monitor the poles to address the plates whose deceleration threatened their individual ability to balance. In analogous fashion, leaders are challenged by organizational design and must strive for “flow” which neither bores nor overwhelms their Gen Y-ers.⁸⁹ Flow balances the business model objectives with the employees’ unique DNA of gratification and fulfillment. The generational impact on organizational design is likely to be a repeated cycle. Accordingly, Gen Y-ers should master their developmental lessons as they will likely face equivalent challenges when they are in charge.

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Structured to Flourish: Organization Design Lessons from the Early Church

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Imagine a small-scale but expanding, semi-autonomous, networked organization with aspirations for global countercultural influence, populated by devoted members willing to die for their cause. While today many would think of the transnational terrorist organization Al Qaeda, this is actually a description of the fledgling Christian church in the first century. Despite the drastic differences between the two organizations, organizational design has played a key role in the success and survival of each group. While there is always danger in attempting to extract practical organizational lessons from a divinely empowered movement, it is clear the early church provides a rich case study in organizational design. The chronicles of the early church provided in the book of Acts provide key reminders on how to approach the design process, including keeping to the leader's intent, ensuring senior leadership empowers the design/redesign process and aligning structure decisions with the organization's mission. Once on the right structural path, the lessons of the early church remind us to employ structural concealment when necessary, limit structural components to essentials, make design decisions with internal and external resistance points in mind, and make strategic grouping decisions to optimize the structure for execution. Taken together, the lessons of the early church provide a great primer on how to approach and execute organizational design.

Imagine a small-scale but expanding, semi-autonomous, networked organization with a vision for global countercultural influence, and populated by devoted members willing to die for their cause. While a common response might be the transnational terrorist organization Al Qaeda in the twenty-first century, this is actually a description of the fledgling Christian church in the first century. Despite the drastic differences between the two organizations, organizational design has played a key role in the success and survival of each group. Too often forgotten as a model today, the early church provides a rich environment for contemporary organizations to capture lessons on structure to help them thrive in challenging or hostile environments.

Value of Structure

In the allocation of leadership focus, structure typically takes a backseat to strategy. While necessary to a certain extent, a preoccupation with strategy to the neglect of structure is akin to the hunter who spends all of his time aiming a rifle that is out of alignment. Organizational structure, or “the way an organization’s activities are coordinated and controlled,” is much more than a simple by-product of strategy development.¹ Structure informs strategy development, enables strategy execution, and determines its success or failure. Decisions on structure shape the organization’s culture and decision-making processes, and they directly determine the shape, distribution of power, and degree of specialization and departmentalization.² Additionally, like strategy, structure is not a one-time decision for the leader. Instead, organizational design must be a continuous process that is responsive to internal and external pressures on the organization. Further, within the organization, structural decisions must balance the need to address the “top-down” aspects of power and lines of authority with the “bottom-up” issues of job design and work flow that emanate from the nature of work being done.³

Regardless of the structure selected, the goal “is to fashion a set of formal structures and processes that, together with an appropriate informal operating environment, will give people the skills, direction and motivation to do the work necessary to achieve strategic objectives.”⁴ This goal is important for any organization seeking to be competitive, but it quickly becomes an issue of survival for organizations threatened by hostile environments. A closer look at the Jesus movement of the first century reveals how a simple strategy employed through the right structure resulted in growth despite massive resistance.

Structural Approach of the Early Church

In many ways, the early church was note-worthy not for its structure but for its lack thereof. Given the sometimes-exhausting superstructure associated with modern Christianity, it is important to remember the fledgling community-based nature of the early movement. Only after the Christian community had reached substantial size and survived heavy persecution did it begin to assemble much of the hierarchy with which we are now familiar. To appreciate the organizational design of the early church it is instructive to first look at the establishing guidance Luke provides in the opening passage of the Book of Acts.

He gave them this command: “Do not leave Jerusalem, but wait for the gift my Father promised, which you have heard me speak about. For John baptized with water, but in a few days you will be baptized with the Holy Spirit... But you will receive power when the Holy Spirit comes on you; and you will be my witnesses in Jerusalem, and in all Judea and Samaria, and to the ends of the earth.”⁵

In these four sentences, Luke uses conversionist rhetoric to ignite and guide the fledgling countercultural movement.⁶ Luke’s commentary highlights three important lessons that are essential to structural decisions. First, **follow the leader’s instructions**. While this seems obvious, a lack of patience can be disastrous to organizational design. The maxim “measure twice, cut once” definitely applies in the design process and part of that measurement is ensuring you do not get ahead of senior leadership in the process. Luke’s narrative makes it clear the small group of believers was not sitting idle, but they were clearly waiting in Jerusalem to receive direction and be empowered by their leader before attempting to take on the world.

The second structure lesson we can extract from Luke's discussion is **the need to ensure you are fully empowered by your leader prior to engaging in a major design/redesign effort.** While today's leaders may not be waiting for tongues of fire to rest over their heads, empowerment is needed to ensure all members are motivated and see the full support of leadership for their efforts. This empowerment may come from a verbal appointment, an action memorandum, or the allocation of funds or responsibilities needed to arrange the new structure. Just as it would have been pointless for the early believers to attempt their countercultural revolution without the promised power of the Holy Spirit, today's change agents must remember to seek the appropriate source of authority and support when modifying the organization's structure.

The third critical lesson Luke provides for organizational design is the importance of **ensuring you have a clear understanding of your mission so it can guide your structure decisions.** Luke's use of recitation in verse 8, "be my witnesses in Jerusalem, and in all Judea and Samaria, and to the ends of the earth," connects back to Jesus's charge in the closing verses of Matthew's gospel, which we commonly refer to as "The Great Commission." For the small group of believers in the first century, it was a concise capture of the strategic approach they would use to transform the world around them. This strategy provided the foundation for all of the structural decisions that would be presented later in Luke's text. A firm initial grasp and continuous reference to the core strategic concept is essential to ensuring alignment in organizational design.

Designing for Success

The great benefit of evaluating structure through the lens of the early church is the ability to take lessons from the initial guidance and from the organizational design efforts that followed. The clear mission and powerful events at Pentecost propelled the establishment of a distributed Christian network that quickly reached most of the known world. Without the technological connections enjoyed by today's networked organizations, the early church employed a hub-and-spoke network centered on major cities and executed through the surrounding communities. Paul's letters highlight the prominence of Jerusalem, Antioch, and later Rome as key hubs and his travels show many of the major arteries of this framework. Although it would be challenging to diagram the exact structure of the early Jesus movement, there is sufficient clarity to derive several key design principles.

Principle 1: Camouflaged Initiation

The first important lesson from the early church structure is its concealment in the environment during its early growth. Meeks states, "To outsiders, the Christian groups would have looked like the voluntary associations or clubs that were so popular in all parts of the empire."⁷ While resembling other religious cults, "they performed no sacrifices, staged no processions, and in general had few of the outward rites typical of ancient religion."⁸ The strong emphasis on moral training and exhortation, repeatedly demonstrated by Paul, led many to associate Christians with the philosophical groups that were also common at the time. This "blending in" during the early stages of the Jesus movement provided the camouflage necessary to grow the membership and resources of the organization critical to its survival once it was more clearly recognized by the opposition. This principle is applicable today for start-ups or new product lines where efforts are most vulnerable in the initiation period.

Principle 2: Structure Lite

The second structural lesson from the early church is the idea that less is more when it comes to organizational design. Throughout the book of Acts, it is clear the early church sought to create only as much structure as necessary to execute their mission. When faced with the task of replacing Judas, even though they knew the daunting challenges ahead, the disciples did not take both Barsabbas and Matthias or add a significant number to the group.⁹ Further, there is no other apparent addition to the organizational chart until the issue of daily food distribution is raised in Acts 6. In this case, it was obvious the current structure was insufficient to meet the needs of the organization so the position of deacon was established.¹⁰ This purpose-driven structure ensured great agility for the early church and avoided the centralization of power that would later cause it so much trouble.

Principle 3: Design for Resistance

In environments where organizations expect to struggle, it is best to make your organization difficult to target. For the Jesus movement, the lack of structure and informal network of believers prevented the Jewish leaders, and later the Romans, from clearly identifying and completely extinguishing the church leaders and membership. This design-to-survive approach was adopted by the terrorist network Al Qaeda, and it has made them very difficult to locate and eliminate. They have been described as “an underground army so scattered and self-sustaining that even the elimination of Mr. Bin Laden and his closest deputies might not eradicate the threat they have created.”¹¹ Reports describe Al Qaeda as a loose association of two types of persons, planners and doers. The former gather intelligence, pick targets, and provide the materiel.¹² Although fundamentally different in mission, the early church network was also a scattered, self-sustaining organization comprised of missionaries and core support personnel. The decisions by the early church leaders to pursue a networked organizational structure, similar to modern insurgent or terrorist frameworks, helped ensure its survival given its dispersed countercultural role and growing persecution. For today’s leaders, designing with a clear understanding of the forms and focus of potential resistance will improve organizational durability and vitality.

Principle 4: Strategic Grouping for Success

Nadler and Tushman argue, “Strategic grouping is the most important step in the design process ... Grouping gathers together some tasks, functions or disciplines, while pushing others apart; in essence, it focuses the organization.”¹³ “The initial choice in strategic grouping—the shape of the core organization—is a direct outgrowth of the organization’s or unit’s strategy.”¹⁴ For the early church this strategy is captured in Acts 1:8, “Empowered global witnesses to build the body of believers.” In the same way contemporary matrix designs bring the organization together cross-functionally, the early church attempted to bridge the tasks of witnessing, fund-raising, and establishment and preservation of doctrine by connecting the geographically separated church. From the initial leadership of the apostles, through the establishment of the council at Jerusalem and the early structure of bishops, presbyters and deacons, effective grouping by geographic area, culture, and mission helped unite and strengthen the dispersed church body.¹⁵

Conclusion

While there is always danger in attempting to extract practical organizational lessons from a divinely empowered movement, it is clear the early church provides a rich case study in organizational design. Contemporary leaders may not be able to depend on the distribution mechanisms of speaking in tongues¹⁶ or heavy persecution¹⁷ to facilitate growth, but today's intense competition demands serious deliberations when approaching the structuring or redesign of an organization. The chronicles of the early church provided in the book of Acts provide key reminders on how to approach the design process, including keeping to the leader's intent, ensuring senior leadership empowers the design/redesign process and aligning structure decisions with the organization's mission. Once on the right structural path the lessons of the early church remind us to employ structural concealment when necessary, limit structural components to essentials, make design decisions with internal and external resistance points in mind, and make strategic grouping decisions to optimize the structure for execution. Taken together, the lessons of the early church provide a great primer on how to approach and execute organizational design.

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Noncommissioned Work: Exploring the Influence of Structured Free Time on Creativity and Innovation

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We examine the growing trend whereby organizations give employees structured periods of autonomy during their work time. We call this practice *noncommissioned work time*. This article 1) establishes a definition for noncommissioned work, as well as a classification of the two observed methods of implementation, 2) explains how organizations across industry sectors and around the world are using noncommissioned work, 3) argues for why noncommissioned work enhances employee creativity, by using the available scholarly literature, 4) considers the linkage among noncommissioned work, creativity, and innovation, and, 5) discusses implications for practitioners and scholars.

To survive and thrive in the dynamic global marketplace, organizations must regularly innovate their products, services, ideas, processes, and environments.¹ Undergirding innovation are requisite antecedents, including customer intimacy, employee diversity, institutional learning, appropriate leadership, cross-organizational communications, and a focused corporate vision. Most important is that all innovation requires creativity. Any successful product introduction or program implementation depends upon individuals or teams having good ideas and pursuing those ideas beyond their initial generation.² For this reason, the importance of employee creativity in organizations has been highlighted often in management literature.³ Indeed, creativity in organizations is becoming a more prominent concern, with many industries seeking creativity revolutions.⁴ In addition, the nurturing of the creative class is currently argued as the foundation of prosperity and civilization.⁵ The issue of creativity is growing in importance because we are working in a knowledge economy, where organizations either consciously or unconsciously expect creativity as an element of their process or product.⁶ Research into the benefits of creativity has already shown links between creativity and innovation, and an organization's innovation and competitive advantage.⁷ Innovation is seen as a source of competitive advantage⁸ and creativity as the source of innovation.⁹

Amabile defines innovation as the “successful implementation of creative ideas within an organization.”¹⁰ Creativity, then, is a necessary but not sufficient condition for innovation. It serves as a starting point from which the ideas originate. In this way, “creativity is the seed of innovation.”¹¹ While a precise definition of creativity has not yet reached consensus,¹² most scholars seem to accept, as an operative definition, the idea that creativity involves the process of developing novel and useful ideas.¹³ Drazin, Glynn, and Kazanijan assert that this definition focuses on the outcome – creative output – which itself yields the question “How do you increase creative output in organizations?”¹⁴ Clearly, creative outputs are not easily obtained, as creativity often requires a considerable investment of time.¹⁵ Dewett states it differently: “Creativity, in the organizational sense [...] is not a frequently occurring phenomenon relative to the maintenance of the status quo.”¹⁶

Employees in any job and at any level of an organization have the potential for creativity, not just those jobs or people typically labeled “creatives.”¹⁷ Several scholars have stressed the influence of job characteristics and work design on employees’ creativity.¹⁸ Research into work and work context revealed several variables that affect creativity, specifically learning, motivation, self-efficacy, leadership, autonomy, and work groups.¹⁹ In general, creativity appears to flourish when organizations encourage it, when employees are motivated to pursue new ideas, and when organizations provide employees with the resources needed to experiment with these new ideas.²⁰

Despite all this research and scholarly conjecture, very little practical wisdom has managed to develop in the practitioner literature, with business creativity still considered largely a mystery.²¹ The impression left by most scholarly literature is that organizations have to be radically overhauled in order to remove traditional bureaucracy and create cultures that stimulate creativity.²² However, a growing trend in many organizations manages to leverage the creative potential of employees at all levels without requiring a radical overhaul to the organization.²³ Organizations around the globe are allowing employees periods of free time to work on whatever problem or new product they desire. These free times allow individuals to play constructively with new ideas, and appear to enhance the creativity of employees, thereby increasing innovation. We call this method *noncommissioned work*.

While scholarly literature has noted the presence of noncommissioned work time²⁴ a full exploration of this trend and a hypothesis regarding its effect on creativity has not been undertaken. This article will 1) establish a definition for noncommissioned work, as well as classify the two observed methods of implementation; 2) explain how organizations across industry sectors and around the world are using noncommissioned work; 3) argue for why noncommissioned work enhances employee creativity by using the available scholarly literature; and 4) discuss implications for practitioners and scholars.

Defining Noncommissioned Work

Influenced by the work of Pink²⁵ in practitioner literature, we chose the term noncommissioned work to define the phenomenon of giving employees free work time. We define noncommissioned work as structured periods of autonomy during which employees choose what projects to work on and how to complete such projects. While the *amount* of time given for creativity is structured, what occurs during that period is at the discretion of the employee.

Within this definition, we observe two distinct types or methods for implementing noncommissioned work in organizations.

Noncommissioned Work	
<i>Structured periods of autonomy during which employees choose what projects to work on and how to complete such projects</i>	
Transient	Persistent
<i>Autonomy given for distinct times via structured events</i>	<i>Autonomy given for a specific percentage of work time.</i>

Figure 1: Noncommissioned Work Definitions (Source: Authors' Research)

Some organizations stage structured events where employees are given autonomy for distinct periods of time (such as one day or one week). We define this method as *transient* noncommissioned work. Other organizations provide employees a certain percentage of their work time (such as 15% or 20%) as autonomous time to be used at their discretion. We define this method as *persistent* noncommissioned work. Figure 1 (above) shows the definitions.

Noncommissioned Work in Organizations

The two types of noncommissioned work are certainly not the only ways that organizations can give their employees structured periods of autonomy. They merely represent the two best-known methods that companies are currently using to enhance the creativity of their people. In this section, we present several organizations that have implemented either transient or persistent noncommissioned work time.

Perhaps the best-known example of focused noncommissioned work time is Australian software company Atlassian, undoubtedly due to Pink's²⁶ frequent coverage. Atlassian began experimenting by giving employees 24-hour periods of autonomous time every quarter to pursue projects unrelated to their job. At the end of the 24 hours, on a Friday afternoon, the company would convene and individuals would demonstrate the results of their projects. Atlassian coined the term "FedEx Days" for these events, because, as Pink puts it, "people have to deliver something overnight."²⁷ California-based biomedical company Proteus borrows Atlassian's term FedEx Day; however, they modify the idea slightly, requiring employees to apply for their autonomous day.²⁸ In October 2010, social media standout Twitter took the idea of transient noncommissioned work a step further, organizing what they called a Hack Week – an entire week set aside for engineers to pursue whatever they found interesting.²⁹

While transient methods and Atlassian's idea of a FedEx Day appear to be getting the most press currently, the method of persistent noncommissioned work has a longer history. That history began with innovator 3M. For much of its existence, 3M has allowed employees to spend fifteen

percent of their work time on projects of their own choosing.³⁰ Projects are developed and designed by employees and do not require management approval. Search engine giant Google modified this idea slightly, increasing the percentage up to twenty percent of work time.³¹ Innovative products such as Gmail, Google News and Google Translate all have their origins in this noncommissioned work time. Biotechnology firm Genentech employs a similar policy, but labels its practice “discretionary time,” limiting it to their research division.³² Intuit Canada also provides persistent noncommissioned work time but significantly reduced in comparison with 3M and Google. The company allows employees to dedicate ten percent of their time independently on special interest projects.³³ Perhaps the most interesting development in the practice of noncommissioned work time is within Atlassian who, after coining the term FedEx Day, recently moved from quarterly transient periods to persistent periods, giving employees a generous twenty percent of their work time to pursue special interest projects.³⁴

How Noncommissioned Work Influences Creativity

While the organizations mentioned above all report increases in creativity and innovation, their reports do not represent empirical evidence. As mentioned before, the extent of coverage within scholarly literature amounts to a few passing notations.³⁵ However, research into individual creativity has provided a better picture of factors influencing creative output. Some of the components of that influence can be seen in the practice of noncommissioned work. We argue that noncommissioned work positively influences creativity by increasing autonomy, reducing the salience of extrinsic rewards and increasing employees’ willingness to take risks. Figure 2 shows the proposed model of noncommissioned work time.

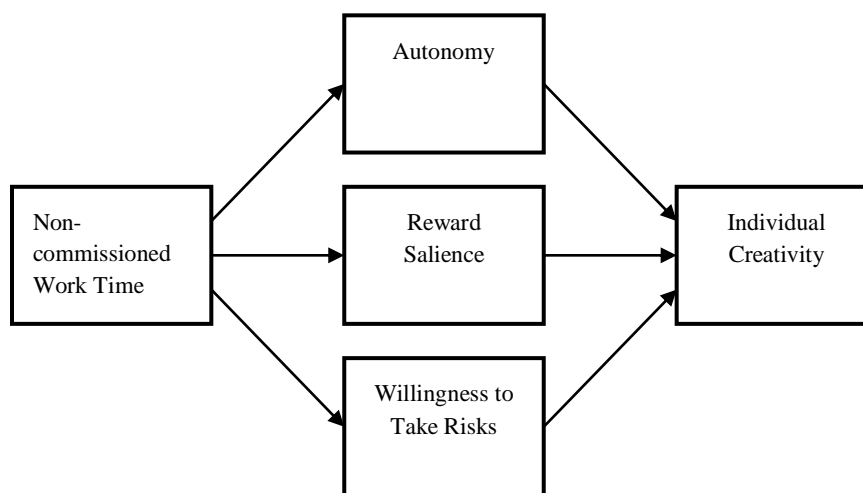


Figure 2: Proposed Model of Noncommissioned Work Time (Source: Authors’ Research)

Noncommissioned Work Increases Autonomy

The practice of giving employees structured periods of autonomy increases, by definition, employee autonomy. It is important to note that an increase in autonomy occurs only when employees are truly free to work on *any* project they desire. Freedom to set one’s schedule within a defined group of tasks is not the same as freedom to define one’s tasks. Autonomy can be described as the degree to which an employee is given substantial freedom, discretion and

independence to decide what specific procedures should be used to carry out a particular task.³⁶ The encouragement of noncommissioned work helps individuals and networks to allow hunches to persist and disperse and recombine. Noncommissioned time is an unambiguous signal to employees that they have the *right* to spend time working on unassigned tasks that they think are best for the company, even when their peers and bosses believe those hunches are wrong.³⁷

Several scholars have stated that, in order for employees to be creative, they need the freedom to experiment with ideas and explore a range of possibilities and solutions to problems.³⁸ Studies of creativity have shown that individuals produce more creative work if they perceive themselves as having a choice in how to go about producing that work.³⁹ The rationale behind this assertion is that, as employees feel a sense of ownership over their work, they will be more likely to fully engage their cognitive processes toward solving problems.⁴⁰ It is logically consistent, then, that companies such as W. L. Gore give their employees the most autonomous time and are also frequently voted the most innovative.⁴¹ Noncommissioned work provides the license to work on projects which others may not consider important.⁴²

Amabile and Gryskiewicz suggest that increasing employee autonomy allows individuals freedom from inflexible work routines and gives them the ability to pursue creative, novel ideas.⁴³ In their interview study of R&D scientists, the contextual factor mentioned most often as part of high-creativity events was that of individual freedom. Alge and colleagues explored this connection in two studies and found connection among privacy, empowerment and creative expression.⁴⁴ In one study, Amabile and colleagues asked 23 painters and/or sculptors to randomly select ten pieces of commissioned artwork and ten pieces of artwork created solely for their own pleasure.⁴⁵ The researchers presented the 460 works to a panel of art experts, from museum curators to gallery owners, to rate the creativity of the works while blinded from the knowledge of which works were commissioned and noncommissioned. The study found that the commissioned artworks were rated as significantly less creative than the noncommissioned pieces.

Considering the influence of autonomy on creativity, and the increase in autonomy created by noncommissioned work, our first proposition is as follows:

P1: Noncommissioned work will be positively related to autonomy, which is positively related to individual creativity.

Noncommissioned Work Decreases Reward Salience

It is reasonable to assume that, when employees are given noncommissioned work time, the projects they choose to work on represent projects for which they are intrinsically motivated. Additionally, since these projects are not planned for as part of normal work, they are likely not directly related to an individual's incentive compensation. Therefore, during these periods of noncommissioned work, it can be assumed that the salience of compensation, bonuses or other extrinsic rewards is reduced.

Intrinsic motivation, the desire to do something solely for the enjoyment of the task itself, is often found conducive to creativity.⁴⁶ Conversely, extrinsic motivation, the desire to do something for an external goal, is generally detrimental to creativity. Interestingly, no amount of

creative skill or domain knowledge can overcome a lack of appropriate motivation to perform an activity.⁴⁷ Several studies examine creative activities and reveal that products made by participants working for rewards are judged to be less creative than products made by participants working without the promise of reward.⁴⁸ Shin and Zhou studied Korean employees in the high-tech sector and found that intrinsic motivation partially explained their creativity.⁴⁹

Rewards appear to undermine intrinsic motivation and creativity by leading people to feel controlled by the situation, thus undermining their self-determination.⁵⁰ Additionally, some scholars theorize that rewards cause individuals' focus to switch from an interest in the task to an interest in obtaining the reward.⁵¹ This research implies that tangible, salient rewards (such as money) would produce a greater detrimental effect on creativity than verbal rewards or recognition.⁵² However, some rewards have been shown to enhance intrinsic motivation and creativity when used to confirm competence or enable individuals to pursue what they were already intrinsically motivated to achieve.⁵³

Appropriate rewards, then, require a balancing act.⁵⁴ If employees feel that their every action is tied to bonuses, they are unlikely to engage in creative behavior or explore new ideas. In contrast, if there are no rewards nor recognition for creative efforts, employees could feel that creativity is not valued by the organization. The practice of noncommissioned work provides a method for balancing rewards appropriately. Therefore our second proposition is as follows:

P2: Noncommissioned work will be negatively related to the salience of rewards, which is negatively related to individual creativity.

Noncommissioned Work Increases Willingness to Take Risks

In an increasingly volatile world, only nonlinear ideas that fall outside the bounds of tradition, orthodoxy, and precedent are likely to create new wealth.⁵⁵ Engaging in creative endeavors is therefore not without risk. However, when employees are given noncommissioned work time, the risks they face by being creative are mitigated. Risk here is defined as the extent to which uncertainty exists about whether potentially significant and/or disappointing outcomes will be realized.⁵⁶ The evolution of a creative idea involves a dynamic shift: when first generated, new ideas are often dismissed as impractical or "weird," but these same ideas later may produce an outcome that is perceived as novel and useful.⁵⁷ Indeed, recent research even suggests that when faced with uncertainty, many experience a subtle bias against proposing their creative ideas.⁵⁸

Several scholars have implied that a link exists between perceived risk and creativity in organizations.⁵⁹ Creative efforts are typically outside the normal range of work activity and the status quo, and thereby invite risk.⁶⁰ Dewett notes that individuals engaged in creative efforts are likely mindful that their work ultimately may not be judged as creative.⁶¹ Therefore, Dewett asserts, willingness to take risks becomes an important antecedent to creativity. The willingness to take risks is defined as "willingness to take calculated risks within the scope of one's job in an effort to produce positive job-related outcomes such that one is open to potential failure as a result."⁶² Willingness to take risks resembles Kahn's construct of psychological safety, wherein employees' sense the ability to show their true selves without negative consequences.⁶³ Edmondson and Moglefo asserted that psychological safety is vital for organizational creativity because of the risk-taking and possibilities of failure inherent to the pursuit of creative ideas.⁶⁴

The number of ideas proposed by employees is likely to increase when employees perceive that they have this psychological safety and will not suffer negative consequences for proposing these new ideas.⁶⁵ The use of noncommissioned work within a corporate vision that loosely defines the direction of the organization guides creativity while suspending risks normally associated with original and unique ideas.⁶⁶

Scholars have attempted to describe the type of organizational climate that supports creativity.⁶⁷ However this climate is described, most scholars agree that a climate of creativity surely exists whenever employees are willing to take risks.⁶⁸ In a survey study of 165 R&D personnel, Dewett demonstrated the connection between willingness to take risks and employee creativity.⁶⁹ Willingness to take risks was shown to mediate the relationship between intrinsic motivation and creative outcomes. This organizational climate is important because, while employees do not need permission to generate new ideas, they will eventually need managerial approval as well as time and resources to elaborate on those new ideas.⁷⁰ The practice of noncommissioned work provides employees with a defined space, a structured period of time, during which any risks taken are separated from their consequences. Therefore, our third proposition is as follows:

P3: Noncommissioned work will be positively related to willingness to take risks, which is positively related to individual creativity.

Discussion

Implications

This research suggests some interesting implications for managers. Managers truly interested in enhancing individual creativity must allow for several antecedents: increased autonomy, reduced salience of extrinsic rewards, and employees encouraged to take risks. These three antecedents could require drastic changes to the organization's culture. Fortunately, this research also suggests that the practice of noncommissioned work time represents a relatively simple way to help create an environment where these antecedents are present, when compared to an organizational re-design. Still, the idea of giving all employees "time-off" to work on whatever they desire represents a dangerous idea in the minds of some managers. However, the two methods of noncommissioned work can also serve to more prudently guide the implementation of this practice. Consider the example of Atlassian discussed above, which first implemented quarterly day-long events (transient) and later decided to shift to twenty percent of employees' work-weeks (persistent). This demonstrated how the two types can be seen as stages, whereby managers can experiment with the transient stage and, if the desired result is produced, experiment further with persistent periods of autonomy.⁷¹

Limitations

Our research and propositions have recognizable limitations. Our proposed model of the influences of noncommissioned work on individual creativity limits itself to three overt factors. This is done for reasons of simplicity and to follow the conventional standards of measurement. Noncommissioned work could have additional important antecedents and may create substantive problems in organizations that routinely change innovation initiatives or possess characteristics that do not support innovation.⁷² Thus far, the standard approach to measurement in the

literature largely has been cross-sectional and often one-dimensional (solely measuring willingness to take risks, for example). However, several authors have commented on creativity's more longitudinal nature.⁷³ This understanding of the creative processes suggests that a longitudinal approach to measurement may be needed to adequately test creative practices such as noncommissioned work.

Conclusion

While creativity and innovation represent a growing interest to organizations seeking a competitive advantage, many organizations still consider the methods for enhancing creativity and inspiring innovation a mystery. However, many companies have begun to practice noncommissioned work. While this practice has been written about often in the practitioner literature, scholarly literature heretofore has largely ignored it. The primary intent of this article is to create a foundation for further research, establishing definitions for future use and proposing a model for additional research.

Moreover, we hope that it serves as a call to action for practitioners, encouraging them to experiment with providing employees structured periods of autonomy. We recognize that many managers and senior executives may be initially hesitant to implement such a program. After all, what if the only work produced during that free time results in failure? We believe this article makes the case for the value of those failures in context of the overall process of creativity. In this light, we conclude with an anecdotal story from Bayles and Orland's *Art & Fear*, a provocative exploration into the process of making art.⁷⁴ The authors tell the story of a ceramics class divided into two groups by their teacher. One group would be graded on how much they produced within the designated time. The other would be graded on the quality of the one work they created. At the end of the semester, it was the quantity group that produced the most quality works. Bayles and Orland conclude that "while the 'quantity' group was busy churning out piles of work – and learning from their mistakes – the 'quality' group had sat theorizing about perfection, and in the end had little more to show for their efforts than grandiose theories and a pile of dead clay".⁷⁵

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Leadership: An Ulterior Motive?

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The styles of leadership are as numerous as there are people. Although personality is a critical factor in choosing a style, external factors are not without their influence. The culture of an organization will often dictate the nature of relationships and influence the style used. Similarly, situations present a unique requirement for a particular leadership style. The two are directly impacted by the personality of the leader. These factors are directly influenced by the motives of the leader and will have a direct impact on the leadership style used. As these factors change, so will the motives of leaders. Therefore, it is critical for leaders to be aware of how these factors affect their leadership style.

While it might seem obvious that leadership styles vary from person to person, what is not so obvious are the motives behind those styles. “Leadership style is the manner and approach of providing direction, implementing plans, and motivating people.”¹ What drives one individual to be transformational and another to form in-groups? Personality certainly plays a role in the style used. However, leadership style is also externally motivated and those motives affect the style used. The two are not mutually exclusive. Rather, they are interdependent and function as a cohesive unit. Additionally, the culture of the work environment plays a pivotal role in the motive behind leadership style.

Leadership style is predicated on motives and those motives influence leadership style directly. One cannot exist without the other. They exist simultaneously in a duality that is predicated on culture, situation and personality. As these factors change, so do the motives. Correspondingly, the leadership style follows suit.

Culture

Culture sets the tone for an organization. “Culture is the set of values, norms, guiding beliefs, and understandings that is shared by members of an organization and is taught to new members.”² The United States Navy, like all military organizations, breeds a culture of leadership that is ultimately based on a set of values, which is important because the “values of people can guide their behavior.”³ Because naval personnel come from a diverse demographic background, it is crucial to establish a set of values applicable to everyone. How well an individual’s values align with the organization will establish how well he/she will ‘fit.’⁴ Urde notes, “The values rooted in the organization need to resonate with the values perceived and appreciated by the customers over time, and vice versa.”⁵ In the case of the Navy, the customers are the taxpayers.

New recruits are inculcated in the ways of naval leadership during boot camp, where they undergo nine weeks of indoctrination and military training. That training is firmly rooted in the Core Values of honor, courage, and commitment. “These values create an organizational culture that dominates the decision-making process, and makes it a cultural phenomenon within the institution.”⁶ The acceptance of these values within the culture demands the practice of coercion and for good reason.

Perhaps Jack Nicholson’s character in *A Few Good Men*, Colonel Nathan Jessup, said it best: “We follow orders or people die.”⁷ Mission accomplishment in the military is based on the expectation of orders being followed. Therefore, a corresponding style of leadership is implemented. “Coercion is possible in situations where the threatener is in a threat-free position and so makes a ‘take it or leave it’ offer which can hardly be refused.”⁸

While coercion may seem like an inappropriate leadership style, it is not without its benefits, which are based on a reasonable motive – staying alive! It is incumbent upon service members to follow orders explicitly, and the charge to ensure they do falls squarely on leadership. “Effective leadership is imperative to the achievement of military missions and the perception of the appropriate individuals, regardless of tenure, as leaders, is paramount to this effectiveness.”⁹

The culture of the organization is the foundation upon which its leadership is built. It permeates the entire organization and influences its personnel. Morgan notes the extent of its influence on the lives of those within the culture as practically inescapable.¹⁰ Such organizational influence is bound to shape and define the culture and provide motives for leadership style. In this instance, the motives are based on safely accomplishing the mission.

Situation

Leadership styles and motives are also based on situations. “Leaders bring a leadership ‘style’ set to situations. A style can be thought of as the dominant pattern of a leader behaving in a position.”¹¹ Due to expediency, some situations, for example, might require a transactional approach while another may allow for a more caring approach. “The situation in part defines the leadership process; it influences the leader and interacts with the leader’s attempts to influence his or her followers.”¹²

Some situations are more critical and require more attention than others. Leaders must be flexible and adapt their leadership style accordingly. “The ability to switch from one leadership style to another to suit the situation is important in maximizing results”¹³ Maximizing results might mean more profits, less turnover, employee satisfaction or quality improvement. What it ultimately provides for the leader is motive.

However, the motive is only one side of the coin. A leader must have cognizance of the situation in order to choose the best leadership style and approach to a situation. “Successful leaders are sensitive to the situation and their followers, are flexible, and able to adapt to the situation to ensure that the vision is achieved”¹⁴ The successful combination of appropriate leadership style in a given situation will provide the means for success in any situation. Dulewicz and Higgs note, “Literature strongly suggests that the situation or context is highly relevant to leadership style.”¹⁵ Whatever the case may be, the situation will provide the motive, and the motive will determine the best leadership style.

Within any situation, one cannot escape one’s character, which is a key determinant in choosing a leadership style. One’s character provides the ulterior motive to lead a particular way. Ideally, as Aristotle envisioned, a leader was a “virtuous individual who cultivated these virtues [justice, self-control, courage and practical wisdom] and exercised them at the right time, in the right situation.”¹⁶ Therefore, a situation was the stage upon which one’s character performed.

Personality

Leadership style is as individual as personality. “The personality of the leader plays an important part in the exercise of leadership.”¹⁷ The leader-member exchange (LMX) is a style of leadership that is subject to the wiles of personality differences because it allows for the formation of in-groups and out-groups by the leader. “Within an organizational work unit, subordinates become part of the in-group or the out-group based on how well they work with the leader and how well the leader works with them.”¹⁸

In this case, the motive of the leader to use this style may very well be based on nothing more than how well he gets along with a particular subordinate. This motive, in turn, will directly affect the relationship the leader has with subordinates and dictate it as the preferred style. “Rather than focusing primarily on the innermost workings of one's personality or on one's values or beliefs, leadership style focuses on how one acts, i.e., on what one says and does.”¹⁹

Personality and all its complexities provide the motive for leadership style. Individual character traits and nuances are the impetus for style selection. Good leaders “appear to be able to adopt [different] styles and perform at different levels.”²⁰ The adaptation of different styles enables a leader to navigate through the maze of the human psyche to effectively influence many people, in effect becoming a leadership chameleon.

As ambiguous as it may seem, the collective personalities of leadership are paramount to success. “The success and failure of a company depends on the personality of the leader and of the composition of the personalities in the group of top leaders.”²¹ Therefore, knowing your personality and how it fits with others will be a motive for a particular leadership style within a group, something similar to “good cop/bad cop.” In the case of leadership, though, it is more like transactional leader versus transformational leader.

Conclusion

Leadership style is predicated on motive. That motive may be the result of culture, situation or personality. Regardless of the motive, the style selected will have consequences. All leadership styles are not created equally and are not efficaciously applicable in all situations. A leader must first understand his motives and personality before selecting a style, and he must equally understand the impact of that style on his people. This is a matter of knowing the culture and situation.

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The *Journal of Strategic Leadership* is a publication of the
Regent University School of Global Leadership & Entrepreneurship
1333 Regent University Drive, Suite #102, Virginia Beach, VA 23464
ISSN 1941-4668 | © 2012