

Strategic commentary

Community-based organizations boost engagement levels – and profits

Thought leaders share their views on the HR profession and its direction for the future

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With the deepening economic crisis and increased complexity, volatility and pace of change, it is obvious that traditional management and leadership approaches do not work anymore. The need for a new mindset and leadership skills has never been more urgent.

This sentiment may not be new, however, too few organizations actually translate it into action, meaning conventional leadership and management approaches based on linear hierarchies – reflecting an organizational culture based on rules, command and control and formal relationships – are still very much the norm. While this approach might work well in predictable and stable environments, there is ample research evidence that in dynamic and complex business environments this traditional approach inhibits creativity and innovation and decreases staff engagement, motivation and productivity.

A community based, collaborative approach

So, how can organizational hierarchies be restructured to enable employees to become more engaged at work and unleash their creativity and potential for innovation? Having researched this area for years, I

strongly believe that the solution is in a community-based, collaborative approach where leaders eschew a formal power, delegate responsibilities rather than tasks, relax their control and empower employees to make decisions on the basis of their knowledge, skills and experience rather than on their formal position in the organizational hierarchy. Furthermore, encouraging self-organization into informal networks and communities of interest leads to more interactions, experimentation with new ideas and knowledge sharing.

When such a community-based culture is implemented, employees are intrinsically motivated to perform well, a strong team ethos is developed, staff engagement is improved and levels of stress and absenteeism are reduced. What does this mean to leaders? Paradoxically perhaps, by giving away formal power, leaders get more power back, as more is achieved with less effort. This eases the burden on them, resulting in less stress and burnout. Most importantly, though, leaders will develop and lead more motivated, innovative, and energized employees.

The Culture Maturity Framework

One specific outcome of my research into high performing organizational cultures and supporting leadership styles is the Culture Maturity Framework (CMF). As individuals go through different stages of development, as evidenced in the Leadership Maturity Framework, developed by Harvard psychologists Dr Susan Cook-Greuter (Cook-Greuter, 1999, 2006), or in the Spiral Dynamics theory (Beck and Cowan, 1996), so too does organizational culture go through different stages of development, as revealed by research published in the book *Tribal Leadership* (Logan *et al.*, 2008).

The CMF charts how organizational culture typically goes through five levels of development. Levels one and two relate to underperforming and stagnating organizations where employees are neither engaged nor motivated to perform above the bare minimum required. At level three, performance is increased but the culture is based on rules, regulations and command-and-control leadership style. Employees perform by doing what they are told to do, they are more individual than community focused and their potential and creativity are often inhibited.

A major breakthrough in performance, innovation and engagement normally occurs when organizational culture moves to level four, where community spirit, collaboration, teamwork and distribution of authority and decision

making happen. Some companies occasionally reach level five where strong community spirit leads to innovations previously considered impossible to achieve. At levels four and five, employees are typically striving for excellence, have "can do anything" attitudes, and are free to unleash their creativity and inner potential. But moving from level three to level four requires a critical mass of employees to achieve a change in mindset, and this requires a different way of thinking and behaving.

Strong evidence of benefits

My research has been focused on studying the theory and practice of how level four culture can be achieved, offering practical examples of how to achieve this and the breakthrough in performance it brings – in some cases, with a profit increase of more than 200 percent (Amar *et al.*, 2009). For example, the IT company HCL Technologies has achieved 91 percent growth in net income in five years as a result of its CEO's initiative to put employees first and customers second while developing community-based culture. The net effect, of course, is both come first.

The evidence for benefits of collaborative, community-based culture in organizations (both commercial and non-profit) is growing as research aimed at helping organizations achieve such a culture is ongoing. Those that take a strategic approach to supporting self-organization in informal networks and communities of interest – while

developing a caring culture based on trust and transparency – can make huge gains with regard to employee engagement, productivity and overall performance.

For more information

For more information or to find out how your organization can take part in the research, please contact hlupicv@wmin.ac.uk

References

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