

Leadership and self-organization - experience-based trust instead of formalization and objectification

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Leading in Complexity

New Ways of Management

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Leadership and Self-Organization – Experience-based Trust Instead of Formalization and Objectification

Fritz Böhle

Control of complexity through calculation and planning

In industrial societies, dealing with complexity is not a new topic. The basic strategy pursued has been to reduce complexity and ultimately eliminate it. Characteristic strategies of complexity reduction are to transform uncertainty to certainty, insecurity into predictability and indeterminacy into clarity. Instruments to achieve this are science, technology and organization. They aim at making the natural and scientific conditions of living calculable and therefore controllable. The sociologist Max Weber has described this approach as the “knowledge or belief that ... all things – in general – can be controlled through calculation” (see Weber, 1968, p. 593). The economist Werner Sombart complements this with the statement that in contrast to crafts and farming, industrial production is based on calculation and planning and most characteristically the production (!) of calculability and controllability (see Sombart, 1919, pp. 34-39). Especially technology and organization are focused on this task.

Despite manifold criticism against the bureaucratic, centralistic organization, it cannot be denied that it is a strategy to reduce complexity. This is also the case with authoritarian leadership styles and discipline as the means to make human action calculable. Even though the centralistic bureaucratic organization as well as authoritarian leadership have often been modified over the years, they have provided the basic orientation for the handling of complexity in corporations for a long time. Since the mid-eighties though, some fundamental changes have been taking place.

Decentralization and Self-organization – New strategies to handle complexity

Since the mid-eighties the established strategies to handle complexity in industrial societies have increasingly met their limits. The novelty about this is not the confrontation with complexity itself but the failure of the previous strategies of complexity reduction. Reasons for this development can be found in the increasingly dynamic and pluralistic developments within organizations as well as newly established connections of different sub-process in organizations and between organizations and their environment. However those systems that were developed to control

complexity seem to especially generate complexity themselves: Organizations turn out to be complex systems themselves whose behavior can neither be calculated nor controlled. The same applies to technical systems (see Böhle et al. 2004). Last but not least, science not only creates increasing certainty but also produces new uncertainties (see Beck & Bonß, 2001). Complexity therefore appears as a new topic for corporations. Not because companies had not been confronted with complexity in the past, but because it has become clear that complexity cannot be controlled and “eliminated” but actually evolves in a new way, especially through the increase in organization and technology.

The way companies have been organized since the mid-eighties can be viewed as a attempt to develop new strategies to deal with complexity. These strategies do not focus on the reduction and control of complexity any longer but attempt to accept uncertainty, ambiguity and indeterminacy and cope with it. This does not imply that companies simply adapt and react passively but includes an active approach. The concepts providing basic orientation are those of decentralization of the organization and the principle of self-organization.

Tasks and responsibilities originally assigned to managers are now delegated to the employees. This way the creation of the organization becomes dynamic. Self-organization not only means that employees organize their work themselves but also implies the participation of employees in the organization of the company and its continuous adaptation to the changing internal and external demands.

Change of leadership

In the past, the job of management was to plan and control the organizational procedures and processes in corporations. A suitable image would be the captain of a large ocean liner. In contrast, the role of management following the approach of self-organization is more comparable to the gardener who fosters the independent growth of the plants (see Capra et al. 1992). Accordingly, managers are now also viewed as coach, as facilitator, as motivator, conflict manager or mentor (see Drepper, 2006, pp. 193 -198). This understanding of leadership implies that managers provide their employees with orientation and support them in the sense of a service. Yet the change of leadership is not sufficiently described this way.

Also when the approach of self-organization is pursued, management in corporations needs to make decisions, provide guidance and exercise control. When managing a project for example, it is not enough to simply provide the framework to the employees and then leave the execution of

the project entirely to them. When a project fails, employees may be held liable, but the costs for the project cannot be undone. Therefore, it is necessary that leaders observe the development of the project and in case of undesirable development intervene and control.

In order to control and manage when following an approach of self-organization, companies formalize and objectify self-organized processes (see Böhle et al, 2009). Examples are management through performance figures as well as different procedures to document the processes in companies. This necessity to formalize and objectify work processes creates additional demands and work loads. A typical statement exemplifying this situation is “I do not have time to work because I constantly need to document, what I do.”

For companies, it is definitely important to make technical and organizational processes transparent and comprehensible even for people not immediately involved. If this cannot be ensured, companies run risk of increasing complexity through self-organization instead of successfully managing it. At the same time, the one-sided emphasis on objectification and formalization bears the danger that important potentials of self organization are being compromised. These potentials especially include the possibility for situative action and the use of informal cooperation and communication as well as the use of experiential knowledge of the employees. Here especially, resources to handle complexity can be found that mostly were not used in the past (see Böhle et al. 2004; Bolte & Porschen, 2006; Porschen, 2008).

This moves the question into focus whether “management and control” under conditions of self organization can be achieved in other ways than through formalization and objectification.

Experience-based trust as the basis for leadership

When asking about the change of leadership under conditions of self-organization, it is self-evident to refer to the concept of trust.

But most of the time this happens according to the principle “trust instead of control”. Trust is equated with abandonment of management and control. Yet this complete abandonment of control and management appears not to be (as shown earlier) very realistic. We therefore believe that it is more helpful to replace the principle of “trust instead of control” with that of “control and management through trust”. By doing so the understanding of control and trust is being changed as well. In order to recognize what this means concretely it is necessary to examine more closely the concept of trust and the conditions for trust to exist.

In literature, a multitude of descriptions and definitions of trust can be found (see Bachmann & Zaheer, 2006; Schweer & Thies, 2003; Petermann, 1985). For our consideration two statements are especially significant. “Trust means ... not to be able to control the beginning and the outcome of a situation.” (see Götz, 2006, p. 68). “Trust begins where rational statements end.” (see Götz, 2006, p. 61). The latter statement means for example that when something is scientifically proven it would not make much sense to say that one trusts it to be true. The same applies to circumstances that are subject to explicit rules. Trust comes into play when no exact knowledge and no codified rules exist. The sociologist Alan Fox therefore speaks of trust “beyond contract” (see Fox, 1974). The conclusion seems to be plausible that trust eventually means to trust “blindly”. But this is a misconception.

In the context of our thesis, trust is based on the possibility and capability to “recognize” in situations of uncertainty, whether one can trust or should rather not trust. Therefore in situations of uncertainty as well, it is necessary not to trust blindly but to distinguish between trust and mistrust. But what is this capability based on and what does it refer to?

The philosopher Thomas Hobbes points at a special “sentiment” (see Hobbes, 1989) and the philosopher Andrea Beier observes that the feeling connected to trust is most noticeable when it is absent (see Beier, 1994, p. 132-134). Building on these ideas, there are good reasons to believe that trust is based on a special kind of experiential knowledge. The philosopher of science Michael Polanyi calls such knowledge implicit knowledge (see Polanyi, 1966, p. 14). An example from manual labor is that a qualified worker can identify disruptions by listening to the sound of a machine. For a layperson these sounds only appear as undefined and straining noise. Further research shows that such experiential knowledge is based on a sentient and sensual perception and an active interaction with the environment (see Böhle et al. 2004).

For managers it is therefore necessary not to trust “blindly” but to develop a keen sense of when they can trust an employee and when it becomes necessary to intervene and control. The following statement of a project leaders provides a good example: “I need to know and recognize whether I can trust a team, even if it is almost finished working together, or whether I need to do something!”¹ Instead of blind trust this always implies experience based trust. In order for this type of trust to develop, special preconditions are necessary. As far as “trust relations” existed in the work world of the past, they were usually limited to a narrow area such as

¹ Origin: Quote from an interview conducted as part of a research project on project management at the University of Augsburg.

qualified employees or skilled workers in industrial production (see Fox, 1974; Seltz et al. 1986; Heisig & Littek, 1986). Typical for this were stable social relationships as well as considerably stable and clear technical and organizational processes. Yet such conditions occur increasingly less in the modern work world. Companies increasingly dissolve stable employment relationships and simultaneously the distance between managers and employees is growing. Nowadays many managers do not move up from the “shop floor” but receive their new position through higher “academic” education. Furthermore, the technological and organizational development in many areas leads to continuous change. This leads to the paradox development that trust is on one hand necessary for leadership under conditions of self-organization but on the other hand the basic conditions for the development of this trust are not given. In short: trust is more important than ever but also more difficult than ever before.²

Reflexive, experience-based trust

Traditional “trust relations” used to develop more or less in an unintended and unplanned way. Here, the description of trust by sociologist Niklas Luhmann (see Luhmann, 2000, p. 3) as a more or less pre-reflective matter or course is rather adequate. In contrast it now seems necessary to induce and form trust consciously. At first sight this demand may seem paradox since trust – as described above – is based on that fact that no explicit certainty exists and that the experiential knowledge on which trust is based is of a rather implicit nature. But the rational reflection of trust is not what this is about. The essential factor is rather that conditions for the development of experience-based trust are created and formed consciously. In this regard we would like to provide some suggestions, more in the sense of a proposal than as scientifically proven facts: In order for employees and managers to mutually get to know each other and their capabilities, work styles, etc. it is necessary to purposefully provide opportunities for joint experiences in the work process and beyond. An example are joint projects or hospitations in other work areas (see Bolte & Porschen, 2006). Despite self organization of employees, managers specifically need opportunities to acquire knowledge and experience about the local situation “on site”. An important condition for trustful relationships is that managers are also aware of the informal efforts and performance of their employees and acknowledge them. Examples are the mutual support among colleagues and/or the independent fixing of problems in technical or organizational

² Here it becomes comprehensible why companies choose to control and manage through objectification and formalization instead of through trust.

processes so that these can function as planned. Such efforts usually only become visible once they are missing. Therefore it is necessary to keep managers involved in the ongoing processes. Next to formally established appraisal interviews and documentations, informal contacts are especially helpful, such as the conversation “on site”, on the factory floor or at the desk of the employee. The conscious decision and formation of trust therefore requires a company culture which recognizes and fosters informal action and implicit experiential knowledge.