

ORGANISATIONAL CLIMATE AND THE COMPETITIVE EDGE

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Abstract

Project approaches are increasingly being used to achieve organisational objectives and thus have a significant role in making and keeping organisations competitive. Moreover, projects may be seen as operational work in microcosm. Whilst sharing many characteristics with non-project work, they can be studied as complete entities rather than as processes, enabling conclusions to be drawn which may then be applied in a wider management context. Project success is a complex, and highly subjective construct. Organisational climate is a similarly complex, subjective synthesis of individuals' perceptions.

This paper examines the relationships between these two constructs, as perceived by 44 project management professionals working on a variety of types of project in 17 different commercial, industrial and administrative organisations. Their accounts clearly indicate a positive association between a broad grouping of behavioural attributes, such as free expression, innovation, questioning, intrinsic satisfactions, and participation in goal definition, collectively designated *voluntarism*, and successful project outcomes. In contrast, a strong and clear negative association was found between project success and the levels of threat experienced by the informants, contrary to the widely-held view that some degree of threat is a necessary and justifiable inducement to performance. Organisational change and conflict were also found to be negatively associated with successful project outcomes.

The research provides indicators of the kind of organisational climate managers should seek to foster in order to promote successful project outcomes, and by implication the kind of climate which would be conducive to more general organisational success and competitive advantage.

Introduction

Whatever strategy an organisation chooses to pursue in order to improve its competitive position, its prospects of successfully implementing that strategy depend very significantly on the performance of its people. This research addresses the question of what an organisation should *feel* like to the people who work there, if they are to make the maximum contribution to its success, or indeed its survival.

This concept of *organisational climate* arises from a long tradition of exploration of the place of the individual in the work organisation setting, and especially of the effects of social factors on the effectiveness of organisation members. Within this tradition we can locate such insights as Yerkes & Dodson's (1908) finding that there is an optimum level of arousal for any task, which will be lower as the difficulty of the task increases, the studies of arousal by McClelland et al (1976) and by Bandura (1977), and Eysenck's (1983) work on the effects of fear and anxiety on task performance. The link between stress, which may be seen to be a product of unproductive arousal or anxiety, and such attributes as creativity and commitment has been summarised and rather effectively publicised by Cooper (eg in Talbot, Cooper & Barrow, 1992). The need for a level of personal control over events is a parallel theme which has been explored by Locke (1968) in the context of goal setting, by Lawler (1973) in relation to motivation and commitment and by Karasek & Theorell (1990) and by Cox (1993) in the context of personal well-being. Management writers such as McGregor (1960), Likert (1961), Blake & Mouton (1964), Kanter (1979), Adair (1983), Senge (1990) and Handy (1990) have taken up the application of this tradition to organisational performance.

More recent research initiatives have demonstrated that organisational performance depends to a large extent on the way people are managed. An ongoing study by Patterson et al (1998) has shown that up to 20% of variations in profitability were collectively attributable to various human factors, whereas only 6% could be attributed to R&D, 2% to strategy, and less than 1% to an emphasis on quality. An extensive review of literature by Richardson & Thompson (1999) also supports the view that people management practices are crucial in overall performance and profitability.

The developing understanding of the contribution of the individual to organisational performance that emerges from this tradition strongly suggests that organisations can expect to benefit from a concern for the well-being and, to apply an emotive term to a subjective construct, the *happiness* of their employees. Work itself can contribute to this well-being, providing intrinsic rewards and satisfactions for individuals if they are committed to the work objectives, which is more likely if they have participated in determining what those objectives should be.

All this is not to imply the absence of an opposing viewpoint. Those who believe that 'a manager's job is to manage', with the undercurrents of unilateral objective-setting, monitoring and control implied by that phrase, will often put their faith in a reward and sanction strategy for getting people to deliver peak performance. The emphasis may be on rewards - '*hit these targets and there's an incentive bonus in it for you*' - or on sanctions - '*we don't believe in passengers; these are*

the targets you need to meet if you want to keep the job' - but both represent essentially the same philosophy: that people will work towards corporate goals only to the extent that they are induced to do so by their managers.

This is a widely-held opinion. McGregor (1960) argues persuasively that 'the principles of organization which comprise the bulk of the literature of management *could only have been derived from assumptions such as [these]*. Other beliefs about human nature would have led inevitably to quite different organizational principles'. These perspectives rely, either explicitly or implicitly, on various forms of threat as an incentive to performance. The offer of reward incentives may appear more humane, but underlying it is still the perception of rewards denied if performance targets are not achieved.

The basic question this research seeks to address is: 'In practical terms, which of these two orientations is the more effective in leading to enhanced organisational performance, and thus to competitive advantage?'

A caveat needs to be introduced here. In Miles & Huberman's (1994) words: 'The case can be thoughtfully made ... that causality is not a workable concept when it comes to human behavior: People are not billiard balls, but have complex intentions operating in a complex web of others' intentions and actions'. Nothing in this research suggests any simple triggers which managers can pull in order to manipulate employees or elicit specific responses. Rather, the study attempts to detect patterns of association between two complex, multivariate systems.

Systems have properties that do not exist or are not relevant when the system components are examined separately (Checkland & Scholes, 1990; Kofman & Senge, 1993). The component elements of a system interact with each other and with factors external to the system, with varying degrees of force, restraining or reinforcing, suppressing trends or enhancing them. Finely-balanced complex systems are acutely sensitive to small changes affecting, initially, only one or a few of their component elements, acting to increase or reduce their impact on the other system components. All this can make prediction, and therefore planning and forecasting, very uncertain (Stacey, 1992). For these reasons relationships between the two constructs *organisational climate* and *work outcomes* are considered principally at the holistic system level rather than the analytical level, although their components are necessarily addressed to some extent.

The construct Organisational Climate

The concept of organisational climate is clearly linked to the concept of organisational culture, but viewed from the perspective of an individual system-member rather than that of an outside observer. Individual perceptions of events, situations and phenomena, and of their meanings, will always be subjective and therefore imperfect because of the physiological and psychological mechanisms by which the human brain operates; Gregory (1977) has described perception as 'a dynamic searching for the best interpretation of available data.'

A totally objective and undistorted perception is not possible. The extent of the distortion will be a function of the collective impacts of internal and external stimuli over the entire lifetime [including pre-birth life] of the perceiver and may range from a functionally accurate image of reality through to an image which has almost no basis at all in external phenomena. Figure 1 illustrates this continuum.

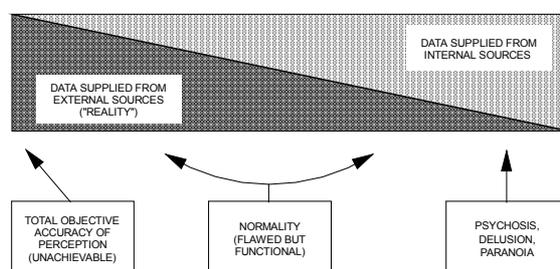


Figure 1 Perception of reality

Clearly, some elements of this complex construct are outside the power of any organisation or its managers to influence. However, membership of a system is in itself a factor in the individual's perceptions and social influence of this kind has been found to affect the way people feel about events and situations (Kelman, 1958).

The term organisational [or corporate] culture is used in a variety of ways in the management literature, but a recurring phrase is 'the way we do things around here' (Guest et al, 1996), with the implication that 'the way we do things' is somehow different from the way someone else might do them. This notion of distinctiveness is fundamental to most concepts of culture (Harrison, 1972; Cleland, 1994). Hofstede (1991) uses the especially vivid analogy 'software of the mind' to describe culture [not exclusively organisational culture, in this case], defining organisational culture as 'the collective programming of the mind which distinguishes the members of one organization from another'. This perspective is especially helpful for the present purposes, since it directs attention to culture as a kind of recipe for behaviour; a collective predisposition to act in certain ways in response to certain circumstances, and to establish the shared 'philosophies, ideologies, values, assumptions, beliefs, expectations, attitudes, and norms that knit a community together' (Kilman et al, 1985).

The strength and pervasiveness of this predisposition has an impact on the amount of control that must be exercised by management. If operational staff know how they should respond to given situations, and have the will to respond in these predictable ways, then close supervision becomes unnecessary and indeed unhelpful (Johnson & Gill, 1993).

Many management writers have implied that there are 'good' and 'bad' corporate cultures, and suggested ways of changing culture for the better. 'Good' in this sense is often synonymous with 'strong and pervasive'. This view has been weakened by the subsequent poor performance of organisations previously identified as exemplary. For example, two-thirds of the companies identified as 'excellent' by Peters & Waterman (1982) had 'hit trouble in varying degrees' five years later, and 'only 14 could still be classified as excellent by the original criteria' (Kennedy, 1991). There is a groundswell of opinion that strong cultures may be insufficiently flexible to cope with rapidly changing commercial environments (Stacey, 1992; Cleland, 1994)

A continuing process of experience and observation, random events and deliberate policy, leads individuals to have expectations about what their organisation can and should do for them, and what they must give in return. These expectations are summed-up in the term *psychological contract*, (Rousseau, 1995). This contract is 'to a large extent informal, and implicitly rather than explicitly understood [and] therefore, essentially subjective' (Makin, Cooper & Cox, 1996).

These related concepts, of culture, perception and contract, together make up the framework for the organisational climate experienced by the individual employee. Elements of this construct are examined in this research in order to make qualitative assessments which can, in turn, be related to work outcomes. These elements are: the perceived management style at the organisational and local levels, the level of threat to which the informant perceived him/herself to be subjected, and the extent to which *voluntarism* [see below] was a perceived factor in the informant's experience of the project or organisation.

Some explanation of these terms, as applied here, is required. *Threat* is taken to mean, at its broadest level, *the anticipation of impending change to a state less favourable than the status quo*. Two forms of threat are identified and examined separately. *Purposive threat* refers to consciously-applied threats which are directed at individuals to coerce their behaviour, or from malice. *Environmental threat* refers to threats arising from natural events, from societal forces which, for practical purposes are undirected by intelligence, or from macro-political causes or policies determined so remotely from the affected individuals that they may be regarded, again for practical purposes, as being undirected.

Voluntarism is a behavioural construct embracing the free expression of ideas and concerns, innovation, questioning, intrinsic satisfactions, and participation in goal definition.

The evaluation of work outcomes

To arrive at a comparative assessment of organisational climate and work outcomes system boundaries must be established for the two constructs. The scale adopted for each must be appropriate and equitable - it would, for example, be meaningless to assess the climate in a small team and relate it to the long-term performance of a large parent organisation. The factors which comprise 'success' are in any case problematic and vary according to the perspectives of different stakeholders.

Project work, however, provides a view of organisational life in microcosm. There is an initial difficulty of definition here. Most writers on project management find it necessary to define terms quite early on in their books or articles, and these definitions focus on different aspects of project work according to the writers' primary interests. However, a content analysis of some 50 such definitions identifies certain recurring characteristics which allow the following definition of the term *project* to be established:

A project is a unique, finite undertaking with clearly-defined objectives, involving many inter-related tasks or activities and the contribution of a number of people working co-operatively under centralised control to produce a specified outcome or product within clearly-defined parameters of time, cost and quality.

Clearly, most of the elements of this definition could be applied to other forms of commercial or organisational activity, the possible exceptions to this being *unique* and *finite*. These two characteristics make projects attractive as a research focus, whilst the commonality of the other characteristics to both project and non-project work gives confidence that appropriate aspects of the findings may reasonably be generalised beyond the boundaries of project management.

According to Pinto & Slevin (1986) project success is a concept which 'has remained ambiguously defined both in the project management literature and, indeed, often within the psyches of project managers'. Not surprisingly, in view of this, project work has not had a good press. Morris (1994) reports finding in the early 1980s that out of the 1449 projects that he could find in the public record only 12 had out-turn costs on or below budget. He later repeated the exercise 'with over 3000 projects, with similar results'. Caulkin (1996) observes that, of twenty-three programmes examined by the National Audit Office 'almost all were late [the average slippage was 31 months]' and total overspend came to £700 million. It remains to be seen how the Jubilee Line extension or the Millennium Dome will measure up to expectations.

The fact that a project is, by definition, unique means that its goals and objectives must be determined and defined specifically and cannot be generalised. Traditionally, the objectives of any project have been represented in the form of a triangle, showing schedule, budget; and quality [or technical specification] objectives. The illustrative and didactic power of this device is that it clearly shows how a change to any one of the factors must impact the other two. Some writers, however, have argued that the triangle is too simple a figure to represent the interacting objectives of most projects. Briner, Geddes & Hastings (1990) and Kliem & Ludin (1992), among others, have argued that the personal objectives and feelings of the people involved are intrinsic to the definition of the total project. Perceptions may in any case change over time. Avots (1984) has found that purely 'contractual' aspects of performance, ie, those which are defined in the project documentation, tend to diminish in importance after project completion, and success comes to be assessed by how well the project's deliverables meet the needs of their users. Factors outside the project specification may have a profound impact here, since it is quite feasible that project deliverables which perfectly fulfil or even exceed the specification may not produce the desired effects when put into use.

It must also be acknowledged that specifications are themselves subjective constructs. A project may fail to meet its budget, for example, either because of inefficiency in its implementation or because the budget was always unrealistic. There is a strong temptation to be over-optimistic when canvassing support for a project proposal. An over-generous budget, on the other hand, may be achieved despite inefficient implementation.

For these reasons, the success of a specific project is seen to be frequently a matter of subjective judgement by a variety of stakeholders, and not readily amenable to quantifiable, auditable, assessment, although superficially the reverse might be expected since ostensibly objective targets for project performance of schedule, budget and quality are usually identified. The finite nature of projects does, however, make it possible for participants to take a view of the success of a project in which they have been involved, and for this subjective view to be probed and tested by researchers, to a greater extent and in a more meaningful way than would be possible with ongoing 'business as usual' work.

For the purposes of this study, project success is assessed as a broad overview, considering performance against budget, schedule and technical specification, and stakeholder opinion. Where there were clear indications that significant wastage of resources occurred, even though specifications were met, a modest 'opportunity cost' element is factored-in to the assessment.

The objective of the research is therefore to identify associations between the two constructs as complex systems, and between elements of these systems where this appears to have useful information to convey.

Theoretical perspective

The formulation of a theoretical perspective was based on an extensive review of literature from a variety of disciplines considered to have the potential to inform the study. These included motivation, stress, fairness, and coercive work regimes, as well as organisational culture and project management.

Stress, especially at high levels, is found to be damaging to physical and psychological health (Cox, 1993; Landsbergis, 1993; Cooper, 1994) and is associated with increased accident rates (Cartwright et al, 1993) and with organisational effects such as high absenteeism, staff turnover, poor time-keeping (Cox, 1993), reduced creativity (Talbot, Cooper & Barrow, 1992) and impaired task performance (Eysenck, 1983; Cooper, 1994). Popular conceptions that some stress is essential for good performance are more accurately referring to *arousal*, and the essential truth of this idea was identified long ago by Yerkes & Dodson (1908) who showed that different kinds of task required different levels of arousal for optimum performance. Their findings clearly showed that the more complex the task the lower the level of arousal which would facilitate performance. It has been suggested that the mechanism operating here is a progressive reduction in the ability to process environmental information (Hockey & Hamilton, 1983).

Similarly, fear is found to be adversely associated with performance by inhibiting both the acquisition and the retrieval of information (Eysenck, 1983), by curtailing innovation (Vartia, 1996), and by constraining questioning, the expression of ideas (Deming, 1986) and experimentation (Handy, 1990). Studies of coercive work regimes which rely upon fear as an inducement to work harder or better have shown it to be a very ineffective approach, even where very simple, physical work is required (Patterson, 1967; Walvin, 1983; Bettelheim, 1988).

Although individual circumstances and personality factors contribute to the experience of stress, emphasis on individual help as a remedy for stressful working conditions has been heavily criticised as 'victim blaming' and basically unhelpful (Thompson & McHugh, 1990). McLean (1985) points out that it is only when a specific stressor, an individual's vulnerability, and a context which is conducive to stress all come together that a damaging stress reaction occurs. Organisations may well have control or influence over at least one, and possibly all three, of these factors. Karasek & Theorell (1990) are adamant that the reduction of stressors is the most satisfactory option from all points of view. They are scathing about 'the work environment where stressors are routinely planned, years in advance, by some people for other people'.

Control emerges as the single most significant factor in the individual experience of stress. Where an individual perceives him/herself to have a degree of control over events or his/her own actions, stress is found to be less severe, and damaging consequences milder or absent altogether (Sauter, Murphy & Hurrell, 1992).

Motivation concerns the 'arousal, direction and persistence of behaviour' (Ilgen and Klein, 1988). The word *motivate* is frequently used in the context of management as a transitive verb: motivation is by implication something done *by* one person or group *to* another. A further implication of this usage is that the *motivated* parties need to be induced to perform some action or expend a degree of effort which they would not otherwise wish to do. This is an issue of vital importance to the prosperity of commercial organisations, a point which is emphasised by Lawler (1973): 'Those individual behaviors that are crucial in determining the effectiveness of organizations are, almost without exception, voluntary motivated behaviors.'

Organisations are concerned with commercial survival, which normally means they must satisfy the needs of customers, in a variety of guises, who have the ultimate power to starve the organisation of income. Customer satisfaction involves both quality and cost elements (Kotler, 1986), which means that organisations must achieve required standards of quality at a cost which enables financial survival whilst keeping prices to a level which customers are willing to pay. In order to do this they must normally enlist the help of their employees. The motivation issue here is 'what forms of organisational behaviour are most conducive to maximum customer satisfaction at a supportable cost?' The issue can be further limited in context by considering that the focus of the present research is on a class of employee which exercises executive responsibility, involving decision-making, discretion, and planning.

The development of theory on motivation, and more specifically on motivated workplace behaviour, has been broadly a movement from the simplistic to the complex. Much of the theoretical disputation is of a philosophical rather than scientific nature, and offers limited guidance for organisational practice. In the present context, goal theory, which

contends that 'persons assigned [and adopting] difficult and specific goals outperform persons provided 'do your best' [vague and non-specific] goal assignments.' (Locke 1968, Locke & Latham, 1984) is particularly relevant: 'Goals provide the individual with a cognitive representation of desired outcomes' (Kanfer, 1994). This theory has had considerable empirical support (Kanfer, 1994; Wright, 1994) but it must be emphasised that the key to the success of goal-setting approaches in stimulating performance improvements lies in Locke's parentheses: 'persons assigned [and adopting] difficult and specific goals' - 'Difficult goals lead to higher performance only when an individual is committed to them' (Locke & Latham, 1990).

The influence of *reward*, particularly financial reward, as a motivating outcome is, of course, a topic of interest to management writers. The effectiveness of financial incentives appears to be rather doubtful. Deci (1972) found that intrinsic motivation to perform a task was negatively correlated with extrinsic types of reinforcement [eg money] for performing that task. Verbal reinforcements, on the other hand, were positively correlated with intrinsic motivations. McGraw (1978) found that 'rewards facilitate performance of overlearned [algorithmic] tasks but impair performance of heuristic tasks, such as problem solving' and Kohn (1993) cites a number of studies to conclude: 'research suggests that, by and large, rewards succeed at securing one thing only: temporary compliance.' A perception of unfairness or inequality [in reward or other kinds of treatment], however, has been found to have a negative impact on performance (Adams, 1963; Folger & Cropanzano, 1998).

From this body of theory and empirical research a broad theoretical perspective on organisational climate can be derived in respect of the work of project managers. This predicts that successful project outcomes will be facilitated by an organisational climate of security, openness, fairness, low threat and high participation and control.

Field research

The size or significance of any individual project is not specified within the definition adopted above. It is common practice for projects to be sub-divided into logical components which may have all the characteristics of projects in their own right (Gray, 1997). Also, any person with executive responsibility for any project component may often be described as a [but not *the*] project manager, and by extension the designation may legitimately be applied to anyone whose job or profession involves executive responsibility for projects or parts of projects, regardless of present assignment (Corrie, 1991; Young, 1994). These are the criteria used in the selection of informants in this study.

Interviews were held in the summer of 1998 with 44 informants from a total of 17 organisations, all of them major, nationally-recognised companies, institutions or government bodies, covering 7 industry sectors:

- Construction
- Engineering
- Finance
- Government/Public bodies
- Transport
- Utilities
- Miscellaneous

Although the actual project discussed was not greatly significant, a reasonable spread of project subject matter was considered desirable. In the event, the projects discussed covered 6 broad work areas:

- Building/civil engineering
- Organisational change/relocation
- Customer relations/marketing/ bid management
- Engineering
- Product development
- Software development/computer systems

It was also considered important to avoid the bias that might result if all or most informants dealt with a 'star' project, so informants were asked to discuss the last completed project in which they were involved. Not all informants did this, and several discussed projects which took place before they joined their present employers. [The industry sectors mentioned above refer to the sector in which the project took place].

The sample population requires some consideration in this context. The study of threatening organisational climates is not ideally carried out in organisations which do not threaten their employees. Conversely, organisations which regard threat as legitimate or efficacious may not be the most amenable to expose their behaviour in this respect to visiting researchers. The population within which this research was eventually conducted must therefore be regarded as probably relatively low threat, at least in the perceptions of the senior managers who consented to their participation in the study. This orientation may be slightly modified because some of the informants discussed projects carried out in previous employment, and some others were themselves the 'gatekeepers' for their organisations in the sense that they were contacted directly, rather than through superiors. This potential weakness in the research design has, in the event, proved to be a source of additional validity. The strong correlations observed within these, mainly, relatively mild examples of threatening climates tend to reinforce the validity of the research.

The data collection method used was semi-structured interviews. Researcher intervention was kept to a minimum and was restricted to general topic guidance, allowing the informants to describe their experiences as freely as possible.

Interviews lasted between 40 minutes and one hour, took place in private, and were tape recorded for subsequent analysis. A total of 1211 verbatim extracts from the 44 interviews were entered onto a database and classified according to their specific subject matter. This material was then used to inform assessments concerning a number of analysis factors, as follows:

- The informant's assessment of the project outcome, both overall and in respect of the individual success factors of schedule, budget, specification and stakeholder views, and what, if any, corroborating evidence could be provided to support this opinion.
- The perceived management style at the organisational level within which the project work was done, with particular attention to the levels of threat or insecurity.
- The perceived management style at the project level.
- Whether and to what extent voluntarism* was apparent at the project level.
- The compatibility of the project-level culture with the organisational-level culture.
- What perceptions the informant had of purposive threat* directed at him/herself, or others, and the informant's behavioural reactions to perceived purposive threat.
- What perceptions the informant had of environmental threat* affecting him/herself, or others, and the informant's behavioural reactions to perceived environmental threat.

[* see above for definitions of these terms]

In most cases, assessments were reduced to a simple ordinal scale of *Very High* → *High* → *Moderate* → *Low* → *Very Low*, or *Not Found*, although the richness of the descriptive material supporting such a judgement was carefully retained in the database records.

Results

Project success Overall, informants' most significant source of information about project outcome was their ongoing contact with users or recipients. Thirty-two informants received direct personal feedback after project completion, and a further three received indirect feedback via colleagues. Sixteen informants based their views at least partially on formal feedback procedures. Four informants received neither formal nor informal feedback after completion. Their perceptions of success are based on their own observations.

In thirteen of the forty-four projects the informant effectively had no pre-defined budgetary targets. In seven of these cases [ie, 16% of all informants] the informant said that no budget was defined for the project at all, and in the other six cases the informant had no personal awareness of budget. In contrast, all informants had specification and timescale targets, although in some cases these were implied to be flexible.

Thirty-three of the forty-four informants claimed initially that their project had been successful, nineteen of them unequivocally and fourteen with some reservations or qualifications. Fourteen of those who made an initial unequivocal claim of project success subsequently identified some aspect in which the project had failed to meet its performance criteria, for example, against schedule, costs, specification or stakeholder opinion. Six informants felt that their project had not been a success.

The mean assessment, based on analysis of informants' own accounts, of thirty-three projects claimed to be successful in some degree was actually somewhat below the midpoint [*moderate*] on the assessment scale. The mean assessments for those initially claiming unequivocal success were marginally lower than for those with some reservations.

Project and organisational cultures In order to compare project and organisational cultures, a rudimentary culture index was compiled for each case, considering voluntarism, perceived threat, control and care for people, all at both the organisational level and the project team level. In six cases the informant was working effectively as a consultant project manager, outside his own organisation, and these cases have been excluded from consideration of this dimension.

Most [36 out of 38] project teams appeared to have cultures which were very similar in all factors to the culture of the wider organisation, but with a tendency towards slightly lower overall levels of threat, and slightly higher levels of care for people than their parent organisations. Most, but not all, informants suggested that their project team had seemed to them to be distinctive in some way from the organisation in general. Where a special 'feel' or atmosphere was perceived by informants their view of this was invariably positive.

A frequently-cited study by Lawrence & Lorsch (1967) assessed the degree to which units [subsystems] within organisations were differentiated from each other and how well integrated they were into the overall organisation, that is, how well they could cooperate and work together synergistically. Lawrence & Lorsch concluded that 'other things being equal, differentiation and integration are essentially antagonistic, and that one can be obtained only at the expense of the other'. The implications of this for project management are somewhat ambiguous, but would suggest that distinctive project teams might not perform as well as highly-compatible ones. However, in this research a modest positive correlation was detected between the strength of the distinctive identity, considering distinctiveness and team cohesion, of a project team and the success of its projects.

Purposive threat Twenty-nine of the forty-four informants experienced levels of purposive or coercive threat which were assessed as higher than *low* or *very low*. The forms of purposive threat experienced by informants fell into three

broad categories: career implications, financial consequences, and effects on reputation. Associated with the concept of purposive threat, but clearly distinct from it, is a concern for self image.

<u>Threats to</u>	<u>mentioned by</u>		
Career	30	informants	[68%]
Reputation	16		[36%]
Financial	14		[32%]
Self image	10		[23%]

Isolation of any of these factors is to some extent artificial, since they inter-link to a considerable degree.

Career implications mentioned by informants included the possibility of dismissal or loss of contract, removal from a specific job to another role within the same organisation, and career stagnation. Reputation implications ranged from public humiliation to mild but widespread negative comment. Financial consequences were mainly concerned with non-payment of benefits, such as bonuses or pay increments, rather than direct financial penalties. Implications for self image were mainly concerned with the pride informants took in doing a good job, and the personal chagrin resulting from failure to perform well.

The perception of purposive threat as unfair was, overall, a minority opinion, expressed by thirteen informants, whilst sixteen suggested that some level of purposive threat was not unfair. [The other informants did not express an identifiable view on the issue.] High levels of purposive threat were more likely to be perceived to be unfair: of the twelve cases assessed as having the highest levels of purposive threat, seven of the informants perceived this to be unfair, whilst only two believed it to be fair. Unfairness in this context is to be understood as an infringement of the psychological contract. An examination of the views of informants who felt that a certain level of purposive threat was not unfair suggests that their perception of their psychological contractual relationships with their organisations included an expectation of pressure to perform, with concomitant penalties for under-performance.

Opinions on whether a level of purposive threat was likely to be conducive to enhanced performance were mixed. Several informants were fairly clear that it was unhelpful, whilst others suggested, with varying emphasis, that some beneficial effect on performance might result from the application of coercive pressure, on themselves or others. These differences of view are reflected to some extent in a comparison of assessed levels of purposive threat with project success ratings. However, a clear negative correlation was found between purposive threat and successful project outcomes.

A concern for project and personal performance was apparent in almost all informants' evidence.

Six of the forty-four informants alluded to work-related health problems arising from pressure to perform.

The role of voluntarism For each informant an assessment of the level of voluntarism was made, based on an holistic judgement, avoiding undue emphasis on the presence or absence of any individual element. A complete absence of any factor was found to be rare and assessments were made on the basis of whether or not the factor was implied to have been influential in any way on the overall climate. Isolation of the component qualities is somewhat artificial, and the presence of one may often be inferred from the mention of one or more of the others. It should be noted that the occurrences detailed below refer to positive mentions, so that it cannot be stated with confidence that specific elements of the voluntarism construct were not experienced by other informants who chose not to mention them. Where significant differences seemed to exist between a project team and the wider organisation, emphasis has been given to the personal experience of the informant within the project environment rather than the wider organisational setting. The occurrence of identifiable component factors contributing to the voluntarism assessment was as follows:

	<u>instances</u>	
Free expression:	31	[70%]
Questioning:	25	[57%]
Participation in goal definition:	21	[48%]
Innovation:	12	[27%]
Intrinsic satisfactions:	8	[18%]

A clear correlation was found between voluntarism in the project teams and the successful outcomes of their projects. This correlation becomes much more pronounced when the overall, organisation-wide voluntarism assessment is used. Contrary to expectations, no correlation was found between voluntarism in the project team environment and levels of purposive threat experienced by informants.

Environmental threat The sources of environmental threat experienced by informants were diverse. The following categories of such sources were identified:

	<u>Instances</u>
Organisational change/ disruptive organisational climate	17
Scrutiny/interest by top management	7
Scrutiny/interest by the public, external officials or VIPs	7
Industrial relations issues	6
Competition	5
Resource conflicts	4
Takeover/merger concerns	4
Physical hazards	3
Leading-edge technology risks	2

Some concerns on organisational change/disruptive organisational climate were directly related to the possibilities of job loss. Others were concerned with conflict and rivalry between senior figures which affected support for the project or impacted directly on the project personnel. Takeover and merger concerns could not be associated with any specific impact on project teams.

Scrutiny and interest by top management in the informants' own organisations was overall felt to be a positive factor, although not always comfortable, whilst public or official attention tended to evoke responses which were described in terms of greater care, or attention to detail. The evidence concerning responses to competition was mixed, and included generalised comment on organisational style, as well as more specifically project-related concerns. Resource conflicts created some tensions for individuals and there were many instances of project managers experiencing difficulty in obtaining sufficient resources, but there was little evidence to suggest that this kind of operational difficulty had a significant impact on project cultures. Where physical hazards were mentioned the effect on the project team tended towards risk management activity and seeking for increased knowledge. Similarly, such technology risks as were identified by informants were addressed operationally and did not appear to impact significantly on the project team culture or morale. Overall, there are strong grounds for associating impaired morale and team cohesion with organisational change and uncertainty, but this does not seem to be the case where the environmental threat is one of top management interest and scrutiny.

A comparison of assessments of overall environmental threat levels with assessments of project success shows a strong negative correlation between these two factors.

Informants' seniority It was surmised that some relationship might exist between informants' seniority and their perceptions of one or more of the factors examined in this study. In general, this proved not to be the case. The more senior managers were slightly less likely to perceive their organisational management styles as threatening, but their project team management styles were slightly more likely to be assessed as threatening. Very low correlations, which cannot be regarded as significant, were found between: seniority and voluntarism, environmental threat, and purposive threat. The implication of this is that the influences which determined informants' perceptions of these factors were not significantly weighted by the informants' seniority.

Facing challenge In all, fourteen of the forty-four informants expressed views which implied that they found it stimulating to be faced with a challenging project situation [there is no implicit assumption here that others did not have similar, but unvoiced, feelings]. A comparison of project success ratings was made to establish whether the expression of such sentiments was related in any way to project success. It was found that the mean success assessment of the fourteen projects where informants had expressed such a view was exactly at the mid-point of the scale [ie, *moderate*]. The mean success assessment for the remaining thirty cases was between *moderate* and *low* success. This may be taken to indicate a modest association between a positive feeling of challenge and successful project outcomes.

The 'Trustee Syndrome' Studies of coercive work regimes have found that workers allowed to exercise authority over their colleagues frequently became more severe in their behaviour towards their fellows than were the power-holders they sought to emulate (Patterson, 1967; Walvin, 1983; Bettelheim, 1988). This phenomenon may be characterised as the 'Trustee Syndrome.' An initial comparison of the assessments of organisational management style and project management style, in terms of high <-> low threat, showed similarities, suggesting that there was a relationship between these two dimensions. Twenty-two informants' accounts where purposive threat was assessed as *moderate* to *high* were examined to ascertain whether the behaviour of informants or their project team superiors reflected this correlation. Evidence relating directly to this issue was sparse. Eight cases [ie, 36% of the sub-set] were identified which suggested that informants consciously adopted a less threatening or coercive stance when dealing with their subordinates than they themselves perceived in their relations with their wider organisations; a reversal of the Trustee Syndrome. Only one instance was identified in this group where it was implied that a coercive style might have some merit. Since it has already been established that management styles at the project level and the organisational level tended to be compatible, the implication of these findings is that project managers tended to prefer a more cooperative stance and may try to shield their teams from the harsher organisational climate to some extent. The existence of a trustee syndrome effect is not supported by these findings.

Operating climate In order to test for any association between organisational climate and project success, an operating climate assessment was made in each case, derived from the assessments previously made of management style at the organisational and project levels, purposive threat, and environmental threat, moderated by the assessment of voluntarism. Comparison of operating climate assessments with assessments of project success produced a very strong positive correlation between low-threat, high voluntarism operating climates and successful project outcomes.

Summary of results

Team distinctiveness and project success A modest positive correlation was detected between the strength of the distinctive identity, considering distinctiveness and team cohesion, of a project team and the success of its projects. This is illustrated graphically in Figure 2.

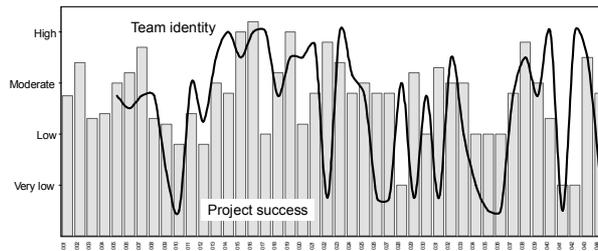


Figure 2 Team identity and project success

Purposive threat and project success A comparison of assessed levels of purposive threat with project success ratings shows wide variations in project success against similar levels of purposive threat. A 'line of best fit' drawn across the plot of project success ratings does, however, show a clear negative correlation between purposive threat and successful project outcomes, as illustrated in Figure 3.

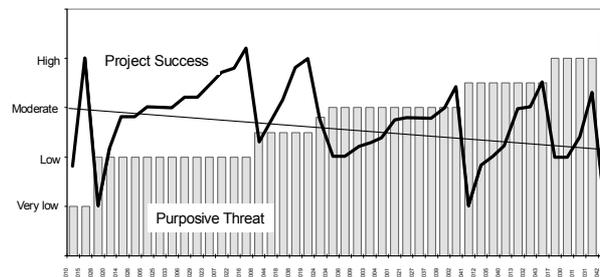


Figure 3 Purposive threat and project success

Voluntarism and project success A clear correlation was found between voluntarism in the project teams and the successful outcomes of their projects. This correlation becomes much more pronounced when the overall, organisation-wide voluntarism assessment is used. This is illustrated in Figure 4.

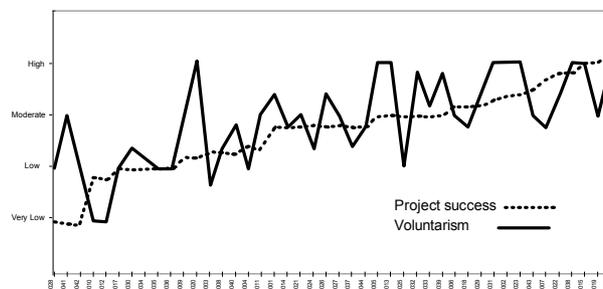


Figure 4 Voluntarism and project success

Environmental threat and project success A comparison of assessments of overall environmental threat levels with assessments of project success shows a strong negative correlation between these two factors, as illustrated in Figure 5.

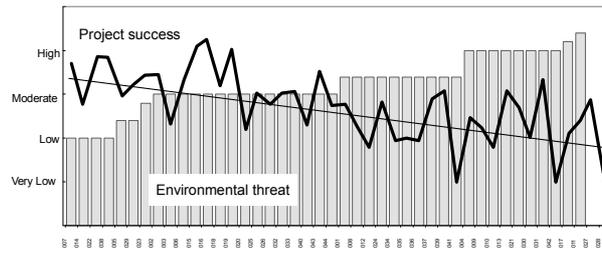


Figure 5 Environmental threat and project success

Challenge and project success Fourteen of the forty-four informants expressed views which implied that they found it stimulating to be faced with a challenging project situation. The mean success assessment of these fourteen projects was exactly at the mid-point of the scale [ie, *moderate*]. The mean success assessment for the remaining thirty cases was between *moderate* and *low* success. This may be taken to indicate a modest association between a positive feeling of challenge and successful project outcomes.

Operating climate and project success Comparison of operating climate assessments with assessments of project success produced a very strong positive correlation between low-threat, high voluntarism operating climates and successful project outcomes. This is illustrated in Figure 6.

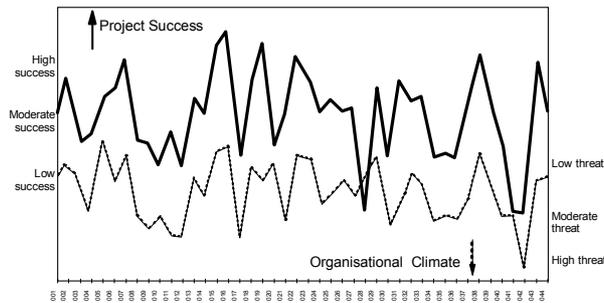


Figure 6 Operating climate and project success

Conclusions

The evidence of project outcomes did not support the widely-held view that threats of various kinds are justified on the grounds that they promote enhanced performance, a view which was reflected in the opinions of a significant minority of informants in this research, some of whom were themselves subject to such threats. On the contrary, clear negative correlations were found between levels of purposive threat and project success, and between levels of environmental threat and project success, indicating that the reduction of threat should be a primary management objective. In addition, a widespread concern for project performance found among the informants strongly suggests that threat is irrelevant.

Project success has been shown to be positively correlated with the group of social attributes characterised as voluntarism. This strongly indicates that it is likely to be beneficial for organisational performance actively to promote an organisational climate in which participants have maximum involvement in defining their own targets and goals, in which they feel free to question, challenge and contribute to the decisions of more senior people, in which their suggestions and ideas are actively sought and, once elicited, are valued and treated with respect, and in which intrinsic satisfactions are to be found.

A supportive organisational environment is shown to be a key factor in successful project outcomes, suggesting that controversy, conflict or dispute at the senior management level about the desirability of a specific proposal, or about its definition, should raise doubts about the desirability of its adoption or implementation. The negative associations found between organisational change and environmental uncertainty and successful project outcomes also suggest that these factors should be taken into account in relation to the timing of implementation.

The creation of a project team which has its own distinctive 'feel' and character has the potential to improve project performance and to be a source of intrinsic satisfaction to the participants. There is a delicate balance to be achieved here because of the potential for conflict if the differences are too great, but the evidence of this research suggests that

it is a worthwhile objective for the project manager to pursue. This finding seems inconsistent with earlier research on integration and differentiation, and whilst this paper has argued that there are substantial areas of similarity between project work and other kinds of organisational activity, the application of this particular finding to work groups which are not engaged on unique and finite projects should be treated with caution.

Overall, this study provides an ideal; a broad description of an optimum organisational environment for project work, which, because of the similarities between projects and other types of work, may legitimately be generalised to provide models for wider organisational environments. It is open to organisational managements, whenever a choice of alternative actions is available, to choose that option which moves their organisations towards, rather than away from, this ideal. The impact on effectiveness of each such choice may in many cases be modest. Sometimes it may be very significant. In most cases, though, the impact is likely to be positive. Applied consistently, the management orientations suggested by this study may be expected to lead to more effective work outcomes, more satisfied and fulfilled managers, and more successful organisations.

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