

# Chapter 1

## A NEW DYNAMIC FOR MODERN MANAGEMENT

### Hastening the Death of Deference

This is a 'management' book.

It is a book about organisations and how they can be made better – more agile, relevant and higher performing.

It is a book for anyone who is inspired by the possibility of different ways of working: people who see energy, potential and talent being wasted in organisations every day, and want to look at the alternatives. It should be of keen interest to people who lead businesses, or manage others, or shape organisations or who are just plain curious about how to modernise corporations and institutions.

But this is also a book with a heart – a spirit in fact.

On an unprecedented scale, the death of deference is empowering and liberating previously disadvantaged people. It is a force that is changing the way people and institutions interact with one another. It is sweeping the globe with very few cultures left untouched by it, and most being transformed by it. It is a mechanism for liberation and the release of unbounded potential.

Few walks of life are left unaltered. In this book we will look at different examples of this. We will look at the punk music explosion of 1976, the relationship between men and women, the revolutions in the Middle East, the dynamic between doctor and patient, and to old, established and hierarchical cultures found in rapid-growth countries such as China and India. All of these dynamics are imbued not with staidness but with a great sense of deep change with regard to deference.

Our main focus in this book, though, is on the place of work. It seems a good place to look. Well over three billion people in the world go to work each day.<sup>1</sup> Work

<sup>1</sup> <http://m.guardian.co.uk/news/datablog/2011/jan/25/global-economy-globalrecession?cat=news&type=article>.

is what we do. It is where we go. It is the engine that drives economies and learning. It is, if configured well, one of the most important and exhilarating things that we do in our lives.

The argument offered in these pages is that the death of deference is a good thing. The demise of the attitudes and behaviours that keep deference alive is good news – for work, business and for societies. But the proposition entertained in these pages is that this is a death that needs to be hastened, moved forward and accelerated. The sooner we can bring an end to deference, the sooner we can enjoy the benefits. And here and there, in pockets of societies and in parts of organisations across the globe, we can see deference on the decline, and along with it the benefits of new forms of organisation being born. But there is no doubt that, despite the progress being made, our fingers should continue to tighten firmly around the windpipe of deference, to remove a system that, frankly, we no longer have a use for.

But not everyone will necessarily agree with this. We know this.

In the discussions that I have held with people about this concept, it became clear to me, at a very early stage, that the notion of the death of deference is somewhat divisive – not intentionally, of course, but it is an idea that nevertheless tends to divide people into two roughly equal camps.

On the one hand, we find a great deal of enthusiasm and excitement expressed in reaction to the idea. About half of the people we talk to see the death of deference as a good thing, something that corrects the balance between those with power, position and privilege and those without. The enthusiasm often reflects the sentiment that ‘it’s about time’ change occurred – for too long we have submitted to the judgements and decisions of people who don’t necessarily have the answers or our best interests at heart. Deference is seen in these terms as an unwelcome means of control, a mechanism that keeps people in their place.

The other half of people we talk to about the death of deference offer a different, opposing position. To this group the principle of deference is seen as good; it is right that we should defer to people who are in positions of responsibility; after all, they are there because they often have something we don’t, be that expertise or obligations to fulfil, insights or even wisdom. In short, there are people who do in fact know better than we do, and deferring to them is simply the smart thing to do. But this group also sees a natural order of sorts in the execution of deference; and to operate in organisations or societies where deference did not exist would be to

call for disorder; this group often conceives of a degree of moral rightness to the principle of deference.

You don't of course need to decide which camp best expresses your feelings on the subject, and for the purposes of this book you are encouraged above all to withhold judgement, at least for a while. But to give a proper account of the topic, it is important that when talking about deference we share the same understanding of terms. And for those who find themselves wavering between these two opposing perspectives, this definitional contribution may help.

## Terms of deference

The word 'deferential' can be traced back to the Latin word *deferre*, comprising two parts: *de*, which means 'down', and *ferre*, which means 'carry', which taken together refer to the act of carrying oneself down, or bowing down to authority. For the purposes of this discussion, 'deference' refers to a behaviour of automatically yielding or submitting to the wishes, judgements or rulings of so-called superiors. Words associated with this process include acquiescence, compliance, obedience, biddability and submission. As we will learn later in the book, this is not a one-way process but in fact represents a form of contract between deferrer and deferred to.

It is important also to be clear on what is *not* meant by the death of deference, what specifically is not being called for:

- The behaviour of respect, for example, remains a critical value and one that is essential for the conduct of business and human relations. Respect should not die along with deference; this is not what we are asking for.
- The death of deference is not about choosing to devalue knowledge, expertise or experience. If anything, it is about cherishing these qualities to a much greater extent – through the invitation of more, diverse voices into the decision-making process.
- And finally as we hasten the death of deference we are not looking to inspire dissent in relation to every single judgement that might be made by the 'deferred to'; well, perhaps just every other judgement!

## A quick summary for busy people

For organisations, the fundamental problem with systems of deference is that they cause a drag on organisational performance and on the ability to change.

The context for organisations is relevant in considering the contribution of deference.

The modern operating context is characterised by volatility, uncertainty, complexity and ambiguity; we see this with technological change, economic shifts, generational factors, interdependence between systems (for example banking systems), environmental pressures and so on, all of which place a requirement on companies to be agile and responsive – if nothing else, to keep up. For many years we have talked about this environment but never before has it been so palpably real, and never before has the ambition to survive and thrive depended so much on agility, pace and inventiveness.

The core problem with systems of deference is that they serve to block many of the essential ingredients required to succeed in these circumstances. Deference stands in our way, rather than facilitating the right organisational response.

Systems of deference create 'them and us' cultures; they divide rather than unite people within organisations. Importantly, too, they quieten the voices of the deferrers in ways that cause employees to refrain from offering their ideas, their discretionary effort and their emotional commitment. The diversity of voices, ideas and solutions that might otherwise flow through the organisational system become muted and in their place can be found a narrow band of judgements asserted by the most deferred to in the organisation. The more deference there is, the narrower the band of judgements on which organisations rely. Deference acts like the fatty deposits that build up in arteries, restricting the flow of fresh, oxygen-enriched blood across the system.

Furthermore, by concentrating decision-making power, authority and responsibility in the hands of the deferred to, as we witness in so many organisations, the opportunities for broadening and sharing responsibility are significantly reduced. In deferential organisations when the leaders of the organisations stand up and announce the 'next big thing', the workers smile and wish them good luck, very often not feeling it is their (the workers') responsibility.

So it is no surprise during times of change that deference drives acquiescence to the new ways of operating called for by the deferred to, but it does not drive

authentic commitment to change. As such we see a behaviour best described as 'consent and evade', where employees seeking to avoid challenge or unwelcome scrutiny from the deferred to give indications of their consent for change, but ultimately evade it, a bit like the teenager who is told to wash their hands before dinner only to go upstairs and run the water in the hand basin for as long as it would take, without their hands once getting wet. And not only does this create problems in its own right, it generates difficulties relating to detection. As leaders look across the organisation, they might just see their workers giving the thumbs up as if they were on board, but the phenomenon of 'consent and evade' tells a different story.

And as for governance and ethical business, systems of deference have for far too long enabled critical and influential decisions to remain unchecked and unchallenged because the decision-makers are treated with high levels of deference. From examples ranging from Enron/Andersons and the global financial crisis to the British Members of Parliament expenses scandal and the fascinating instance of the CEO of an Indian company who literally invented thousands of non-existent employees to strengthen the company's figures,<sup>2</sup> we see how deference insulates decision-makers against appropriate challenge.

In summary, the kind of organisations that high levels of deference create is shown in Table 1.1.

**Table 1.1 The Kind of Organisation that Deference Creates**

Deference is strong	Deference is weak
Hesitant, guarded dialogue	Quick, free exchange of dialogue
A fear of failure	The confidence to innovate
A passing on of responsibility	A shouldering of responsibility
A controlling mindset	An empowering mindset
Ethical inconsistency	Ethical integrity
An illusion of support for change	Authentically supported change
Under-utilised talent	Well-leveraged talent
Division and a 'them and us' mindset	A strongly unified organisation

<sup>2</sup> Satyam Sums Up Asian Governance Failings, *Financial Times*, 12 October 2010.

## Starting the change process

Recognising that deference impedes organisational success is a first-order objective. It is hoped that the remainder of this book will convince you of this.

For those in receipt of deference, this can be a hard point to accept, not least because it implies, correctly, that the associated privileges afforded to the deferred to need to be challenged. The saying ‘turkeys voting for Christmas’ may spring to mind at this point. But this is not only true for the deferred to. Systems of deference for all concerned can provide a rhythm to business life and can be order-creating. They provide a decision-making hierarchy in which we can see our place; they offer us predictability, some comfort and some protection, providing that we fulfil our roles and honour the implied terms of the ‘deference contract’.

The tacit deal regarding systems of deference is that while the deferrers are expected to yield to the judgements of the deferred to and not to challenge their authority, they are in turn expected to fulfil their obligations, for example to take responsibility for the well-being of the deferrers, providing them with guidance, stability and protection. Similarly, as the deferrers are expected to show respect and trust to the deferred to, even endure hardships at their behest and to go the extra mile, the deferred to are accordingly obliged to provide fair treatment, objective, accurate information and absolution should the deferrers err in some way.

Think about how this dynamic is repeated to varying degrees in relations between state and citizen, between parents and children, between organised religion and believers, in patriarchal and matriarchal societies between men and women, between management and workers and so on. All of this occurs without explicit agreement being reached or the terms being discussed.

With all this in mind, it is perhaps no surprise that changing this co-dependency can be tough. And that is even when we acknowledge the negative impact of deference on organisational performance.

But there is a momentum to the decline in the deference contract. Evidence points to a breakdown in many aspects of this deal – sometimes a quick breakdown, sometimes slow, but a clear breakdown nevertheless. As big corporates and major institutions mislead or fail to protect their people, trust from the deferrers begins to falter. The examples of the global financial crisis, the Freedom of Information boom, Wikileaks, the social-media-enabled Arab Spring of 2011 and even isolated cases such as the 2012 *Concordia* cruise ship disaster, where the ship’s captain was

accused of failing to fulfil his obligations to protect the passengers, all show the fault line in the deference contract beginning to emerge. There are many more examples of this underlying shift.

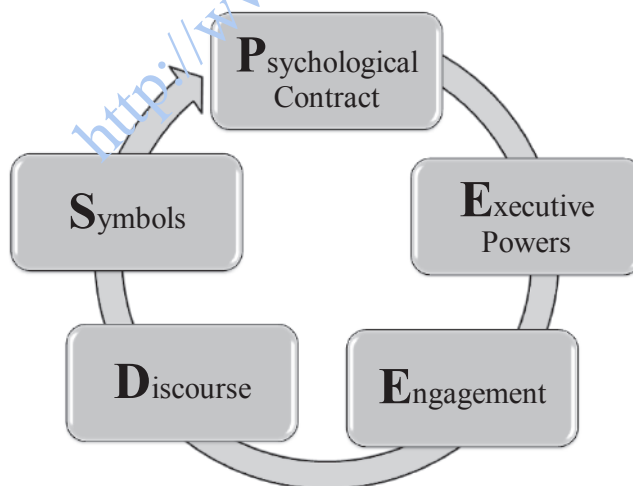
Focusing though again on the sphere of work, it is important to determine how organisational deference might be diagnosed and tackled; and how deference might be dealt with to help organisations become more agile, quick and inventive.

## The SPEED model

The solution offered in these pages, and explained in depth later, is summed up in a simple acronym: SPEED. By following the strategies belonging to each component of the model (Figure 1.1), organisations can be made stronger, higher performing and more able to adapt to the modern working environment.

### Symbols

The diagnostic and improvement process starts with the *symbols* found in organisations. Symbols tell us a lot about attitudes to deference and they are there in front of us, at work, every day.



**Figure 1.1:** The SPEED model for diagnosing deference and raising organisational performance.

Organisations signal their support for deference in different ways, ranging from terms of address to communication rituals to the amount of office space afforded to the deferred to. In some organisations, it may be the express elevator reserved for the senior managers that will provide us with clues as to who are the deferred to. In other settings it will be the extent to which access to individuals is enabled or constrained by physical location or gatekeepers, that is those assistants who seem to never want to allow an appointment with the boss. Signs and symbols are highly observable and are an excellent place to start in the hunt for deference.

But of course, some symbols represent genuine functional needs for different people in the organisation. Having diary secretaries, for example, may be essential for workers who have heavy schedules or are out of the office a great deal. We may not like this, in the sense that some people get diary secretaries and some don't, but we nevertheless can be persuaded on the basis of genuine need. But where symbols of status and importance are distributed on less functional grounds the wall dividing 'them' from 'us' starts to be built. Office paraphernalia, as one example, can be rich in symbolic value of this sort. In some organisations the deferred to, for no other reason than who they are, will be given larger, more luxurious office chairs – with softer seats, more expansive armrests, better recline options, you know the sort. In others, items such as executive lamps, silver paperweights, nameplates and business card rolodexes will pop up on the leather-finished desks. The walls of the deferred to might be adorned in original artwork supplied by the company, while the floors might be carpeted to a much higher standard than everywhere else in the building. And if the answer to the question 'Why?' is a shrug of the shoulders or a rolling of the eyes from the deferrers, then this may indicate that the organisation is reinforcing, and ultimately will be hampered by, deference.

Here the work begins, if organisations wish to change the deference dynamic. Much in the same way that a marketing team might invest their time and expertise in shaping the company's external brand, the managers and leaders need to look within, to take ownership of the impact of symbols of deference within the organisation and then move to shape them accordingly.

### **Psychological contract**

Our next stop is the *psychological contract* that exists between 'management' and 'workers'. Whereas the symbols of deference are very much in the foreground, the

psychological contract sits somewhere in the background – hard to see, but by no means inactive. This contract first emerged as a concept in the early 1960s and was referenced by leaders in the organisation development field, such as Ed Schein and Chris Argyris. It represents the unwritten and implicit mutual rights, obligations and expectations that exist between employers and employees (often understood as ‘management’ and ‘workers’). Some exploration and dialogue with employees is therefore needed to discover the tacit deal between workers and management.

Some of the questions that organisations need to ask of themselves are:

- What lies in the heads of workers in relation to the psychological contract? For example, the type and level of contribution to change workers should expect to make, the level of challenge that is invited and valued in interactions, the level of authenticity that is sought and the position the organisation really takes on deference.
- To what extent do the expectations placed on workers (as understood by them) fit with what the organisation genuinely wants from them? For example, some, and possibly too many, organisations enter into what is presented as genuine and open consultation with their workers over large-scale change, only for workers to learn that the most important decisions on change have already been taken. This asymmetry between what is ostensibly asked for and what is genuinely meant speaks volumes about the psychological contract.
- What would need to happen in order to change the story in people’s heads? For example, might an adjustment to the way change programmes are constructed restore confidence (and reset the psychological contract)? Might a change to the visible behaviours of the leadership help to rewrite the psychological contract? Might explicitly valuing less deferential behaviours serve to shift the implicit deal between workers and management?

The critical messages therefore that management might want to take forward when shaping the psychological contract are these:

- Understand what you are really asking for (from your employees).
- Say what you mean, and mean what you say.
- Show that you value what you are asking for.

## Executive powers

The first 'e' of the SPEED model focuses on a simple question that is often harder to answer than to pose: 'Where should *executive powers* lie in the organisation?' By this we mean, at what levels (and in which circumstances) will the authority to make decisions be permitted? To what extent is decision-making power distributed throughout the organisational system, and to what extent must judgements be the preserve of those at the top – the deferred to?

This central question may just be the greatest test of confidence and capability that an organisation will face.

Organisations that have trust in their people tend to be more willing to drive decision-making power downwards and outwards (away from the corporate centre). They may in the first instance want to do this because of the significant benefits that can arise. Those working closer to the customer, for example, can understand their needs far better than those at the corporate headquarters can and, with decision-making power to match, they can act accordingly. Customer-facing workers located lower down the organisation can also build relationships with clients and customers that can deliver long-lasting value, providing of course that they are equipped with the power to act. And change, as well as needing to be informed by the strategic direction that may sit at the top of the organisation, needs to be directed and fostered by people further down the organisational system, which means decision-making power must sit there also.

Leaders who have done their work well in engaging workers, in clearly articulating the direction of travel, and in instilling the right values and capabilities, enable their people to take decisions, and accordingly share power with them, rather than withhold it from them.

The proposition here, to make a shift towards a broader distribution of power within organisations, requires skill in execution, and should not happen overnight, and not without due attention being given to the preparedness of the system to accept new, and in some cases radically different, arrangements. The strategy proposed in these pages involves creating a safe transition (or in more deferential cultures, a safe revolution) whereby 'seniors' feel confident and assured as power is shared across the system and 'juniors' feel as confident and inspired to take on greater levels of responsibility.

The task for management becomes one of looking to strengthen *people* capabilities to take on these new responsibilities (including raising the level of trust between juniors and seniors); looking to strengthen *processes*, such as strategy development and the reporting of management information to involve people at all levels and to provide scrutiny over results; and looking to strengthen *structures*, such as the relations between the corporate centre and the line divisions. And the other spokes of the SPEED model serve to catalyse this transition.

## Engagement

Our second 'e' focuses on the organisation's attitude towards employee *engagement*. For example, what level of ownership does the management want employees to feel for the organisation? To what degree are the voices of workers amplified in the organisation? How visible should leaders and managers be in the organisation? And how much emotional commitment is sought from workers?

The body of evidence on the positive effects of employee engagement is powerful indeed. David Macleod, author of *The Extra Mile*, comments on the extensive research he undertook, involving 50 case study organisations, on the subject:

Our report included incontrovertible evidence that employee engagement works, whether you are trying to increase productivity or performance, or outcomes for the citizen.<sup>3</sup>

But this evidence does not stand alone. Similarly compelling conclusions have been reached by the Corporate Leadership Council,<sup>4</sup> Towers Watson,<sup>5</sup> Fleming *et al.*,<sup>6</sup>

<sup>3</sup> David Macleod and Nita Clarke (2010) Leadership and employee engagement: Passing fad or a new way of doing business? *International Journal of Leadership in Public Services* 6(4).

<sup>4</sup> Corporate Leadership Council (2005) *Driving Employee Performance and Retention through Engagement*. Washington, DC: Corporate Executive Board.

<sup>5</sup> Towers Watson (2010) Turbocharging employee engagement: The power of recognition from managers. *Perspectives*, <http://www.towerswatson.com/assets/pdf/2979/TowersWatson-Turbocharge-NA-2010-18093.pdf>.

<sup>6</sup> John H. Fleming, Curt Coffman and James K. Harter (2005) Manage your human sigma. *Harvard Business Review*, <http://hbr.org/products/R0507J/R0507Jp4.pdf>.

the Hay Group<sup>7</sup> and so on. In short, higher levels of employee engagement are associated with:

- higher levels of productivity
- greater discretionary effort
- stronger talent retention
- greater employee well-being
- lower levels of absenteeism
- greater company loyalty and advocacy
- better customer/client service.

With this body of evidence in the bank, so to speak, the question that sits with managers and leaders is how they will prioritise and use their time in building employee engagement. This is an important way to frame the question, as many managers and leaders can see the benefits of greater engagement but find their time being soaked up with a host of other priorities. And so good intentions by leaders to be visible in the organisation and to engage with it often fall to the wayside; informal dialogues to take the temperature of the workforce end up being one-way directives from the leadership to the workers.

Organisations need to determine their stance on engagement from the outset to set the right framework for decisions about time management to be made. Workers will quickly see through half-hearted engagement strategies. They will detect inauthentic approaches to engagement and react accordingly. So once again, as with the organisational symbols and the psychological contract, this is an opportunity for a different kind of relationship between management and employees, where leaders do what they say, where workers are understood as being the heart of the business, and as such are highly active contributors, and where proper dialogue occurs at, and between, all levels of the organisation.

## Discourse

The final ingredient in an analysis of deference is the conduct of *discourse* in the organisation. Organisations operate through discourse – the conversations and

<sup>7</sup> Helen Murlis and Peggy Schubert (2001) *Engage Employees and Boost Performance*. Hay Group, [http://www.haygroup.com/downloads/us/engaged\\_performance\\_120401.pdf](http://www.haygroup.com/downloads/us/engaged_performance_120401.pdf).

dialogue at every level serve to define and shape how tasks are undertaken, how the culture and norms are transmitted and how people make sense of what is going on. But importantly, the character and tenor of discourse vary widely between organisations. Some organisations adopt informal approaches, while others communicate more formally; some share information freely and proactively, whereas in others the flow is more restricted; and some have meeting routines that support innovation, while others are more ritualised and allow little scope for creativity.

A first encouragement is to inspire a shift in discourse away from what psychiatrist Eric Berne, founder of the field of transactional analysis, calls a parent–child relationship to an adult–adult relationship. This is particularly pertinent to deferential systems, which are more likely to cast the deferred to and the deferrers respectively in a parent–child relationship. In doing so the deferred to, often acting in the parent role, will find themselves setting out the expectations for others in the organisation, exercising power by judging their performance, using directive language, perhaps showing disappointment and so on. Not all habits of discourse will necessarily be critical or punitive, as the deferred to may, still in the parent role, seek to be overprotective towards others and in doing so to take away responsibility from them. The deferrers, by contrast, acting in the child role, may remain silent until spoken to, or until they are invited to contribute. They may show signs of resentment when they feel that they have to comply with decisions that have been made for them. They may find that they publicly agree to what is suggested while internally having little or no intention to follow through. The deferrers, in the child role, may also say what they think the deferred to want to hear even though they actually think something very different. This pattern of commonly observed discourse, and of course the roles that go with it, needs to be challenged and adjusted to create more direct, straight and honest peer-to-peer interactions at and between all levels. This is the place where real innovation and change can take place.

Second, much of what we know about organisational discourse points to some other well-trodden conversational patterns that, while having demonstrable value, need expansion and development to operate in modern, less deferential systems.

One very dominant conversational habit is the use of *deficit thinking*<sup>8</sup> whereby faults, flaws, weaknesses and risks are identified and offered up in conversation with others. The focus of this default style might be on the deficits in what others say,

<sup>8</sup> Robin Ryde (2007) *Thought Leadership: Moving hearts and minds*. Basingstoke: Palgrave Macmillan.

the work they have performed, their thinking, their approach to problems or a whole range of ‘targets’. It is perhaps our most common default in discourse. Overuse of this style, particularly between the deferred to and deferrers (in that direction), can create an unwelcome dynamic and drive away new ideas as people expecting criticism learn to protect themselves by offering up fewer risky suggestions, a key factor in the process of pressing the mute button on workers in the organisation.

Another common conversational thinking style is *rational thinking*,<sup>9</sup> which emphasises the logical and rational components to a problem or solution. While this is clearly essential for much of what organisations deal with (and not under any circumstances to be taken away), rational thinking removes attention from the emotional dimension of issues. Much of what we have learnt about organisational change, for example, is that simply repeating, often louder and louder, the rationale for change will not help us to understand the emotional investment in existing ways of doing business, the emotional barriers to committing to new arrangements and why the change may not in fact be happening. Conversations that focus on emotional data – feelings, instincts, passions – which would often be ignored by rational thinking, need to be held to get to the root of important issues. These are just two examples of habitual patterns of dialogue that need to be challenged to allow their opposites – *strength-based thinking* and *feeling thinking* – a place in a wider, more skilful approach to discourse.

The shift that is needed is towards an adult–adult dialogue that is characteristically direct (rather than ambiguous or implied), on the same level (as peers might talk), transparent (without hidden agendas or inauthenticity) and reasoned (reflecting measured thought).

In summary, there are two components to this ambition around broader, and more adult–adult, conversational repertoires. The first is a diagnostic step, where organisations need to look within to gauge the range, breadth and style of their existing conversational repertoires. This will help to describe the distance that may need to be travelled. And the second is about building an adaptive capability amongst employees to flex their approaches to discourse. This is done through raising the level of skill and fluency with which different conversational styles are deployed.

<sup>9</sup> Robin Ryde (2007) *Thought Leadership: Moving hearts and minds*. Basingstoke: Palgrave Macmillan.

## A call to everyone and, in particular, a call to management

The purpose of looking to each of the spokes of the SPEED model is to both reveal the strength of deference within organisational systems and set to work on releasing the benefits of reduced deference and a different approach. **Taken together, these five areas for attention hold the power to radically alter the way that organisations operate: to modernise them and to prepare them for the distinctly challenging period ahead.**

And the benefits that will arise directly from this model are truly significant: better innovation, quicker, more sustainable change, greater productivity, stronger company loyalty and advocacy, and more adaptive and resilient organisations. This approach will create organisations that feel fairer and are better, happier places to be. Given that most of us spend most of our adult lives in work, this has to be a supremely worthwhile and exciting prize to strive for. Starting this process will bring its own momentum too, because, as adjustments are made in each of the spokes to realise these benefits, the ability to make changes to others becomes much easier.

This is a task for us all, at all levels, all specialisms and at all career stages. Nobody needs to authorise this or say it is OK. It is OK to make this kind of change, and the sooner the better. But, without a doubt, this needs to be a core task of management too: enlightened, courageous and modern management. How, you might ask. Well, read on.

Let us look first to something that couldn't, ostensibly at least, be less about business and corporate life: the punk music explosion of 1976 – a relatively small cultural phenomenon, but one that leveraged a great deal of impact and is a fascinating and instructive vignette for the study of deference. This is not representative of all of the strikes against deference, the most high-profile of events or the most recent – examples of which are explored later on. But the punk explosion provides an extraordinary example of a breakthrough in an industry and in societies around the globe, and one that, unlike more recent examples, has had enough time to take hold, extending its influence into music, art, literature, film, culture and now, perhaps, business.

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