

# Simply trust our employees?

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## Tikanga Maori verse Agency Theory

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This paper considers how organisational capability might be unleashed by increasing the level of trust between employer and employee, borrowing from some of the concepts of Tikanga Maori and simply doing the right things and working for the benefit of future generations



## Simply trust our employees: Tikanga Maori verses Agency Theory

In a ocean of agency theory based management perspectives, the collapse of the 1980s created concern that organisational control mechanisms were possibly a contributory factor, at least an inhibitor of recovery (Peters & Waterman, 1982; Schein, 1985). The management norms and values of those regulated days where employees were not to be trusted were more likely to be based on discipline and duty, not the supposedly more enlightened values of the times that followed. The creation of strong organisational values based culture it was postulated was the means by which organisations would find success (Jones, George, & Hill, 2000). This paper argues nothing has changed, the agency theory is alive and well, the means of rendering the employee impotent may have changed, but not desire. Another recession, and again time to analysis, but the continued downsizing, restructuring, rebalancing has only heightened the perceived misalignment of our "leaders" words and deeds impacting on employee trust and credibility (Robinson, 1996). It might be time to learn from tikanga Maori.

In 1984 I moved to the East Coast of the North Island to manage the infrastructural assets for a public entity. Quickly realising my previous exposure to line management had not adequately prepared me for that unique cultural environment. Learning was required, thus I elected to observe and learn from the local Maori and the concept of tikanga, which loosely translated means the "right way of doing things" (Mead, 2003).

Since those naive but glorious days I have been nurtured in a management culture that espouses performance excellence is achieved by telling employees exactly what needs doing then ensuring delivery, utilising an array of command and control mechanisms (Wheatley, 1997). Under increasing pressure to meet short term profit targets to satisfy stakeholders or shareholders, we managers had been captured by a cost accounting mantra. The outcome being the very foundations on which trust is founded being undermined. The 'cost-cutting' culture negatively impact on employee commitment, organisational learning and performance (Homans, 1958; Senge, 1990; Jones & George, 1998) As a result, a number of organisations, including our own, had reached the point where employees felt their interests were constantly under the threat of harm, managers responding to this spiralling dysfunction with further redundancies or the imposition of even greater layers of control (Coopey, 1998).

As I reflect on those days, and with the dubious advantage of having been exposed to the wonders of management theory, I have been given cause to think that future holistic business outcomes could do worse than to adopt elements of tikanga, specifically the building of trusting relationships within the context of the wider values of the community.

On arriving in the East Coast I quickly realised the local culture was somewhat foreign to me, for example when the radios crackled with notification the Kahawai(fish) were “running” off the coast, employees dropped tools and simply went fishing. The employees gathered during work time for collective, and extended feasts of the local delectable’s, they were expert at “ghosting”, simply fading into the shadows and engaging in activities other than productive work. None of this behaviour seemed of any great concern, being laughed off in the characteristically Maori way. The overtures of a skinny white boy boss were certainly not to be taken seriously, for this was the home of the proud and resourceful people of Ngati Poro, Whakatohea and Tohoe.

Tikanga Maori is a set of beliefs, practices and procedures associated when conducting the affairs of an individual or group linking the hapu (sub tribe), whanau (family group) with their respective whakapapa (genealogy) to manage affairs in a way that were less about the here and now more about future generations (Mead, 2003). From an outsider, tikanga appeared to offer a framework of ideas and beliefs that helped provide guidance to what was right and wrong. The vision and values were not owned by any one individual or group, but by the entire grouping. This goal congruence clearly impacted on the cohesion and unity of the group resulting in a degree of effectiveness beyond what would be expected from either the individual, or experienced in the work environment (Tjosvoid & Yu, 2004). It was also evident that individuals were making tradeoffs between their own needs and those of the community, the communal activities meeting personal needs and utility, this not evident in the employment situation.

With some rudimentary observations of tikanga, I decided it was time to change the way I engaged with the employees, the desired outcome being the creation of a bevy of beneficial consequences for the employees, their communities and effective work behaviours for my employer. As discussed by a number of authors (Slim, 1956; Homans, 1958; Podsakoff, MacKenzie, Moorman, & Fetter, 1990), I needed to generate respect and trust, the underpinning philosophy being predicated on honest and open relationship. These exchanges would have to be

across the spectrum of material, intellectual and spiritual mutually rewarding endeavour.

The community groups were very clear about their goals, although not documented in some glossy organisational charter; rather formulated after generations of cause and effect matauranga (knowledge) (Mead, 2003). These goals motivated the community and gave clarity of purpose. As an organisation, we had vision statements and goals, all very inspirational, but as often found (Shapiro, 1995; Simons, 2002) misaligned with the intrinsic values of both our employees and management.

As previously stated, organisational theory at the time, with inherent policies and practices had been strongly influenced by agency theory. Agency theory espouses people engaged in any arrangement were utility maximisers; by inference employees were inherently untrustworthy (Frank, 1994; Jensen & Meckling, 1996). As argued by Wheatley (1997) all motivation was labelled as self serving. However, this did not explain the interaction of the human endeavour or social existence I was experiencing on the coast, and not fully explain the effectiveness of tikanga within the broader community. Agreeing with Lere (1991) our management systems were cluttered with layers of control mechanisms, all imposed at the behest of agency based theorist. But, these measures never effectively controlled the employees, rather had the negative effect of paralysing both management and employees from applying their respective energies in a productive or innovative way (Barney & Hansen, 1994)

After years of managing employee relationships rather poorly, I could empathise with the commentary of Burt and Knez (1996) that trust takes time to evolve but dissipates very quickly. Additionally, the perception (correctly) of our employees was the controls were simply a manifestation of management's mistrust of them. A number of authors have commented (Fox, 1974; Kouzes & Posner, 1993) on this aspect, concluding employees simply replicate the mistrust with reduced loyalty, commitment and motivation. The whanau / iwi (groups) trusted their people, even when such trust required an enormous leap of faith, yet, long term this seemed to contribute to the development of group cohesion and commitment. However in the risk adverse, bureaucratic organisation I was at the time employed, there existed a very real fear within management of being exploited, embarrassed, perhaps being branded as gullible (Rotter, 1980). This engrained fear made it inherently difficult for the existence of any form of open trusting relationship. It would be an exaggeration

to say the spiral of increased controls and reduced employee contribution had resulted in complete organisational dysfunction, but the violation of the psychological contract as described by Robinson (1996) had generated negative outcomes. This negativity was felt by the individuals, the community and my employer, effectively a lose, lose and lose situation. An aspect that gave me further cause to wonder was during emergency events, most of the employment issues were momentarily at least set aside, the employees getting on with what had to be done, without question, in potentially risky arduous conditions. As discussed by Barney and Hansen (1994), the question was how to exploit this exchange of vulnerability in "normal times". Authors (Blau, 1964) have suggested that generating a mutual vulnerability would invoke an obligation to reciprocate some exchange of benefit. While the crippling fear identified by Gabriel (1999) of not knowing whether the trust would be reciprocated remained, no matter how much surveillance or control might be applied, I had no doubt that our employees were cunning enough to develop equally subtle forms of unintended resistance or response. I therefore had to take the first leap of faith, and even though there could be no guarantee of reciprocation of benefits, I had to believe the longer term gains would outweigh the risks. The foundations of trust I concluded would involve engagement in open and honest consultation, and the taking of a transparently real interest in the welfare of the employees when making critical decisions (Podsakoff *et al*, 1990). While some authors (McGregor, 1960; Likert, 1961) promote the need for the cultural leader, this concept was redundant, as the employees already had tikanga Maori. All that was required of me was to ensure the existence of greater power and knowledge equality (Bair, 1992), thus ensuring greater word deed alignment (McGregor, 1967).

The implementation phase involved a number of elements, too numerous to recount in this paper, the summation of which being the complete dismantling the previous systems and structures. Once alignments had been achieved as to our combined vision and objectives more "concrete" initiatives were put in place;

The several union based contract awards were abandoned, with employees given and across the board wage increase. This in effect meant that one of the poorer regions of the country now had one of the higher remunerations. This immediately removed the focus employees previously had on maximising their returns by being creative with their entitlements.

In consultation with employees, we invested in a complete replacement of aged plant and equipment, importing best for task equipment, much of which came from

Germany. This immediately gave the crews a feeling of ownership and status. The same applied to their personal clothing and equipment.

A weekly skills development programme, including voluntary night classes was initiated for employees and family, many having previously fallen foul of formal education systems at an early age. Indeed considerable effort went into working with and employing local gang members and youth at risk, blurring the demarcation between the pace of work and community.

But the biggest influence in the creation of trust and performance came from allowing the functional work crews to determine when and how they would deliver their agreed works programmes. Gone was the need to be at work between specific hours, for certain days of the week. At a time when my employer was being chastised by government control agencies for non-performance and the need to impose greater discipline and management controls, many of those that existed were dismantled. The work crews were required to report on progress otherwise they had complete control as to when they worked. It was acceptable to take an hour for morning tea, or to go fishing for the afternoon. But work programmes were being completed in as much as a third of the time previously thought possible. We were keen for employees to retain the performance benefits of time; this enabled the employees more time to engage with whanau (families and community). From the employer perspective, the works programme was being delivered with greater efficiency and at less cost. The philosophy was to share the gain resulting in a win, win and win situation.

While it is easy to over simplify and trivialise the events in the Eastern Bay some 25 years ago, the experiment convinced me that there are better ways to achieve organisational outcomes than to simply adopt the economist's model of the rational, selfish human, an argument supported by Fukuyama (1995). Tikanga Maori is one such way, and simply promotes focusing on people and doing the right thing. While it is argued that in some circumstances the control oriented approach may produce greater productivity, Lawler (1986) argues these practices are not sustainable long term and our beliefs relating to employee motivation are often faulty.

Essentially the role of an effective manager is to develop shared intergenerational visions and values by building and sustaining organisational trust. Tikanga Maori is not culturally specific; rather the underlying tenants are well documented and

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supported by “main stream” researches. For example Gillespie and Mann (2004) found the strongest predictors of trust were the existence of common values, a consultative style and values based vision. What inhibits the move from the fear based command and control management regime is fear. Managers raised on a diet of agency theory are afraid of taking the first set, making themselves vulnerable, yet happy to ask the employees to take the risk, this is simply control but by another means. The irony is, tikanga requires the trust to be extended down first, without the expectation of reciprocation, and this was necessary condition for the launch of my own management experiment. As the followers of tikanga would say, “*Focusing on people ultimately leads to enhanced productivity – the bottom line is taken care of as an adjunct*” (Ryan, 2011)



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