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# Management by Active Gratitude – Unleashing Human Capability

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We live in a world of conflict and tension. Last century saw two global wars and this century started with the escalating war against terrorism. At the same time the global economy went into a deep recession and we had to face consequences of the economic downturn and reckless management.

This is also an era of Wikileaks and an ever increasing demand for transparency. Managers can no longer hide their true colours thanks to the latest information technology, easier whistle-blowing and the demand for more ethical business practises. The Machiavellian management style does not work anymore. Not even Milton Friedman's straightforward shareholder value approach is any more appropriate (McShane & Travaglione, 2007, p. 15). Global changes and challenges affect businesses on all levels. Corporate social responsiveness and social performance has become an increasingly important trend in the global business environment (Crane & Matten, 2010, p. 60).

A renowned Buddhist philosopher and leader Daisaku Ikeda has written that a change in a single individual can cause a change in the destiny of the nation and the whole human kind (Ikeda, 1998). He underlines also throughout his voluminous writings the importance of

gratitude as an essential cause for inner transformation. My approach in this work is to describe a new way of applying Web 2.0 technologies to heal organisations by implementing gratitude as an underlying principle for positive organisational change. Gratitude can cause organisations to grow towards the wellbeing and happiness of all and to be the change for better that could help change the world as well.

Managers and leaders who work on the strategic level are trying to see the wood from the trees. They try to implement strategies, processes and policies based on the latest organisational behaviour theories. To change the organisations from value neutral to driven by positive values. However, they should remember that it is the individual tree that can carry the disease that could potentially destroy the whole forest. Managers look from above but the change needs to be built within each individual ‘tree’ in the forest, starting from within managers themselves.

The method is simple. I call it *Management by Gratitude* and it is one of the easiest ways to change the organisational behaviour (see Appendix 2). The web 2.0 technology provides the conduit to effectively spread it throughout the organisation.

Management theories have traditionally been based on the assumption (or at least having this utilitarian assumption as an implicit approach) that people are objects and tools in the hands of management. “They have increasingly converged on a pessimistic view of human nature, on the role of companies in society, and of the processes of corporate adaptation and change”(Goshal, 2005, p. 82). These theories have caused management to put the emphasis on supervision and control (Goshal, 2005, p. 84) and not on looking for creative ways to add value to the organisation, let alone increase gratitude shown to staff.

Goshal gives a colourful example of how these theories can lead managers to the extremes: “Combine agency theory with transaction costs economics, add in standard versions of game theory and negotiation analysis, and the picture of the manager that emerges is one now very familiar in practice: the ruthlessly hard-driving, strictly top-down, command-and-control focused, shareholder-value-obsessed, win-at-any-cost business leader of which Scott Paper’s “Chainsaw” Al Dunlap and Tyco’s Dennis Kozlowski are only the most extreme examples”(Goshal, 2005, p. 85).

To take an alternative approach we can use the positive psychology created by Professor Martin Seligman with his associates. “The field of positive psychology at the subjective level is about valued subjective experience: well-being, contentment, and satisfaction (in the past); hope and optimism (for the future); and flow and happiness (in the present)” (Seligman, 2000, p. 5). This view is challenging because it demands a totally different mindset from the managers. Instead of creating control systems and supervision they need to let people come first with their ideas and become fulfilled individuals – and that includes managers themselves.

What could bridge the gap between Seligman’s and Csikszentmihalyi’s creative and humanistic approach and theories that are mainly based on Radical Individualism (appendix 1), that cause so much trouble according to Goshal? The answer might be in the way we share the decision making and rather than just supervise. “The greater the level of a responsibility-driven decision-making culture, the more effective and sustainable will be the consequences of that process, and less regulation will be required to manage the interrelationship between the various stakeholders” (Bruce, 2010, p. 5).

“If we want to manage complexity successfully, and make progress in the world today, we have to start by getting the simple things right” (Bruce, 2010, p. 7). To change the corporate culture to embrace positive thinking and trust is a simple but difficult metamorphosis in the way we see different stake-holders. **Instead of asking them to perform and deliver, we should thank them for doing that.** There is a Japanese proverb that says: you can make a pig climb to the tree top just by thanking it. Gratitude is the key to positive change. The latest brain and heart research also support that view. “As the evidence we have presented clearly shows, this transformation results in increased physiological efficiency, greater emotional stability, and enhanced cognitive function and performance” (McCarthy, 2009, p. 61).

Together with the complex (and very serious) monitoring and management systems we could implement a simple Gratitude Index Indicator (GII, see Appendix 2) in the organisation to measure and show the overall levels of gratitude. My hypothesis is that by implementing gratitude as one of the basic measurements of the organisation’s performance we can easier change everything else for the better by supporting positive emotions. This thinking is based on Buddhist life philosophy instead of commonly used western ideologies. Japanese scholar and Buddhist revolutionary Nichiren Daishonin (1222-1282) taught that the importance of repaying debts of gratitude is a fundamental aspect of human behaviour (Daishonin, 2000, p. 690). Only by showing our gratitude and respect can we make sure that the environment also responds positively. McCarthy’s (2009) research also supports that view.

Web 2.0 tools give us a perfect and transparent platform to collect information from the organisation every time people see, hear or feel gratitude at all levels of the organisation. It could become the pulse of society measuring how the widely ripples of fulfilment spread when

companies start to compare their GII results together with the stock indexes. (See Appendix 2)

I am not a great believer in using organisational behaviour theories without proper ideological foundations, and as Goshal has shown, those theories can cause real problems if the ideologies behind them are not clearly understood. “Combine ideology-based gloomy vision with the process of self-fulfilling prophecy and it is easy to see how theories can induce some of the management behaviours and their associated problems as we have witnessed” (Goshal, 2005, p. 84). Fundamental attribution errors (McShane, Travaglione, & Olekalns, 2010, p. 79) also arise from that prophecy and lead easily to ‘blaming games’ instead of appreciation for the efforts made by employees.

Instead of trying to myopically use these theories we should go back to the philosophies and ideologies that underpin them. For example Buddhist life philosophy mentioned earlier can offer much deeper and richer means to understand organisational behaviour than theories formulated during the last two hundred years. It is outside the focus of this work to go deeper into the Buddhist life philosophy. Instead I have simply taken one of the basic building blocks of it e.g. gratitude and applied it to the modern corporate world.

As wild and unscientific as it can sound GII (i.e. active gratitude) has been tested in practise for thousands of years and it has always been successful tool – although not used often. Now we have technology to make that tool work for whole organisation and not just for good those that have happened to discover its wisdom.

It is up to the managers to alter their views and thus instigate the change in their organisation. They need to put in place GII because other tools seem to be failing if used alone or causing confusion. “We need to foster greater respect for other people, particularly those who

have views, or reflect values, that we do not agree with” (Bruce, 2010, p. 8). It can happen by using gratitude as a way to show that the leaders and managers really do care, respect and listen to their people. Gratitude generates this mutual respect.

Daisaku Ikeda says it all: “Fish rots from the head, as the saying goes. Organisations, too, degenerate from the top. Those who assume positions of leadership need to constantly strive to better themselves and to overcome the tendency to become arrogant” (Ikeda, 2010). To avoid that to happen we can wisely use Web 2.0 to focus on the basic human need: to be thanked and accepted – at all levels of an organisation.

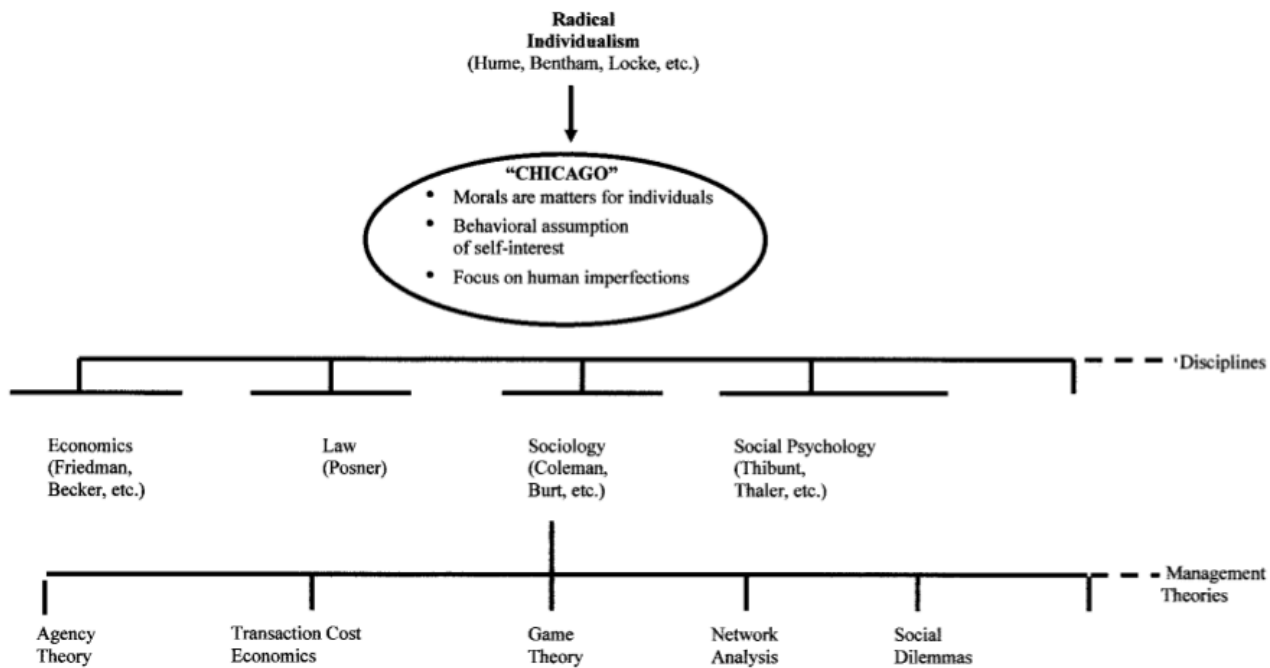
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## Appendixes

### Appendix 1



The Creeping Spread of an Ideology in Management-Related Theories (Goshal, 2005, p. 85)

## Appendix 2

### Luukkonen's GII model

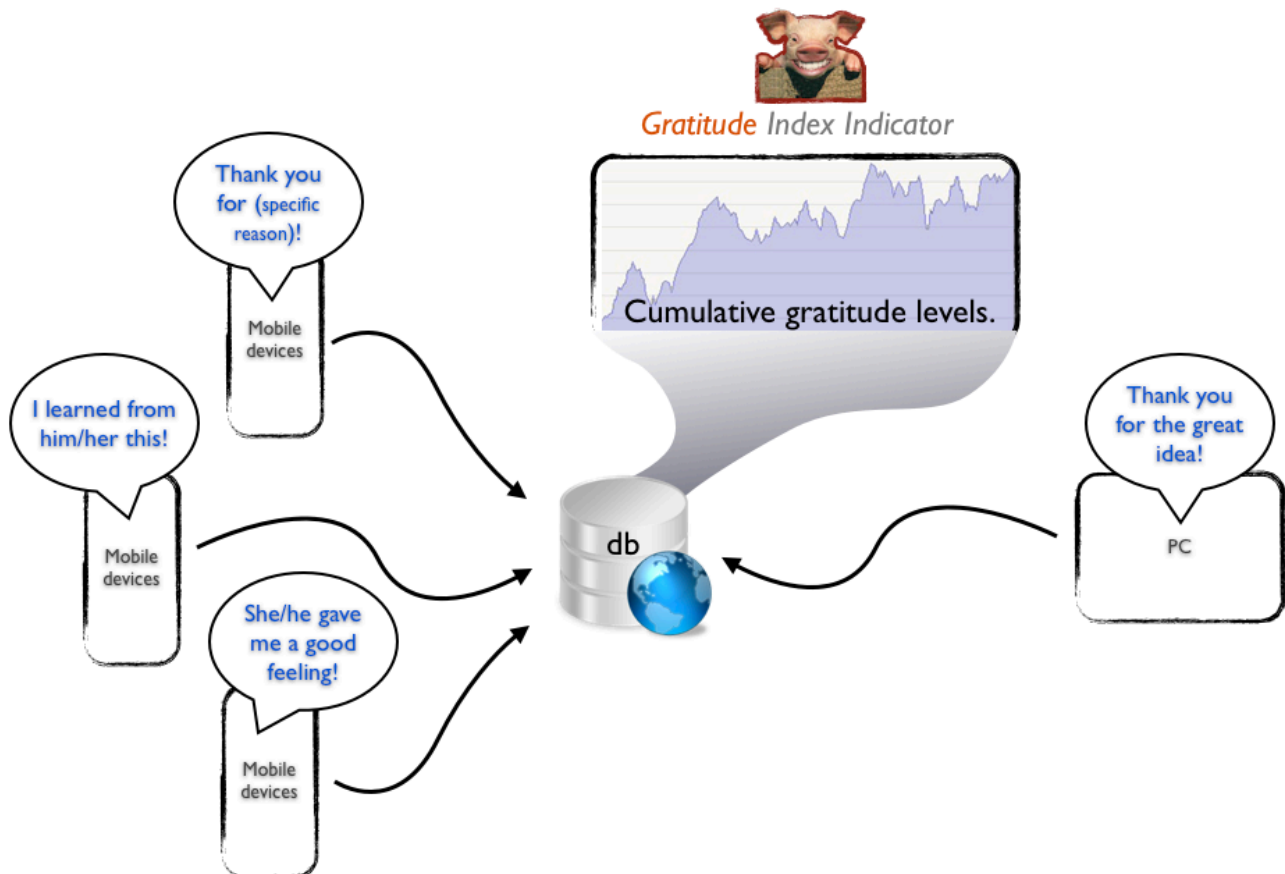
# Management by Active Gratitude

## Summary

*Management by Gratitude* it is one of the easiest ways to change organisational behaviour. It will create a gratitude index that is comparable between different organisations thus creating a global indicator for positive change at an organisational level. The practical implementation the Gratitude Index Indicator (GII) is described here.

## Moonshots

- Increase trust, reduce fear
- Develop holistic performance measures



## Set-up

### Problem

In the most organisations performance measures are mirroring different KPIs (Key Performance Indicator) developed by the management to set up goals for individual employees. The appraisal process then looks at those KPIs and tries to assess if the goals are met. The whole process is patronising and based on industrial revolution's aftershocks in the business world where we used to think that the only measurable thing is monetary value. We have been measuring only tangible outputs, shareholder value and wealth. The problem is that we have not been able to measure motivation and the drivers beneath the visible performance of the organisation.

If we measure only performance, we create a negative culture, a law of jungle, survival of the fittest where only the ruthless (in a broad sense) can succeed – and often tramp on the good ideas coming from unexpected sources. In that kind of HR context we cannot see what the level of positive energy is in the organisation. We cannot identify whether or not the organisation is generating the positive energy required to meet and exceed the tangible goals.

## Sketch

### Solution

To make *Management by Active Gratitude* method work we need to set up a Web2.0 system integrated with mobile platforms. It is a very easy and straight forward way to collect inputs from all levels of organisation.

### High Level System Description

The core database of the Gratitude Index Indicator (GII) system stores inputs sent by all employees (including top management and the board) from their laptop or desktop computers, smart-phones or any other portable devices – or even paper stickers that can be then scanned to the system. The inputs are generated 'on the fly' in the real business situations based on text messages, simple touch based applications and similar user friendly methods (for example each employee name tag can have a barcode that could be read by smart phone – the technical applications are endless and the way the system is built for each organisation depends on the industry and type of the organisation). GII system also links all the employees from HR databases to GII system to avoid double handling of the data.

### The GII Feedback Process

Every time an employee (this can be also widened to cover partners and other important stake-holders) experiences positive feedback from other people in the organisation, gets a good idea from somebody in the organisation or just feels uplifted and grateful because of somebody's support in the organisation he/she can send a GII message where the system automatically records the time and the sender of the message. In the message the employee identifies to whom he/she felt gratitude. This can be done by using codes or touch based quick-entry methods. The core message is to whom the employee is grateful to but there is also an option to add more information e.g. 'I felt gratitude because I got an idea from hi/her, I got some help, I got support' and so on.

The system sends reminder twice a day to an employee to send GII messages to keep the process alive.

### **Monitoring GII results: the carrots**

The GII gives an overview how the positive feedback flows inside the organisation. Because it is an index based on individual inputs from organisation it can be set up to show the overall GII of the organisation and then down to a team level where teams can compare their GIIs. Individual employees can see only his/her own results against the average of the whole organisation. The reward systems can be built on the team GII results or individual GIIs of employees.

### **Practical Impact**

GII will have a dramatic impact on the increase of positive energy inside the organisation. Positive psychology by Martin Seligman lists the value of positive subjective experience as follows: well-being, contentment, and satisfaction (in the past); hope and optimism (for the future); and flow and happiness (in the present). GII will increase all those subjective and positive experiences. It will generate a positive self-fulfilling prophecy inside the organisation when people feel that their efforts and interactions amongst all the members of the organisation are respected and valued on a daily base and not just during the appraisal process. It supports positivity changes on the most fundamental level: inside each individual. *Because GII results are based on what you give and not what you get it promotes and creates sharing, caring and more compassionate organisational culture.* This will in the end show on the bottom line and as increased quality of products and services and better job satisfaction.

### **Challenges**

The biggest challenge in implementing GII for the organisations is the utilitarian and outdated jungle of management theories and practises that are widely used and accepted. Cynicism is deep rooted amongst success driven managers and GII is so simple that it is hard to believe that it works. On the other hand it is dangerous for the managers who apply Machiavellian management styles and/or value based lip service. GII will create an x-ray picture of an organisation. There is no way of hiding managerial shortcomings. It is peer-review in its most positive form. At the same time it challenges each individual to question his/her actions and attitudes (for example: Why my GII is so low?).

### **First Steps**

The first step is to find a pilot organisation whose top management is committed to apply Management by Active Gratitude and put GII in place.

The technical implementation of a GII system is very easy and could be done in stages starting from a simple web based application towards more complex multi-device model.

The buy-in of the individual employees comes through top management's example and creating simple interactive training e-learning model for the organisation.

## **Endnotes**

### **Credits**

I would like to thank my mentor in life, President Daisaku Ikeda (Soka Gakkai International) for his support and inspiration. Without his enlightened wisdom it would have

been impossible to change my negativity into a positive and hope-filled mind-set I have now.

Also my study group at the Massey University's MBA course needs to be acknowledged for their support and friendship.

Special thanks to our lecturer Bernie Frey who got us to do this challenge and come up with our Moonshots.