Managing the Paradox of Organizational Trust

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Several years ago, the largest subsidiary in a giant international complex found itself with a new president, a bright young marketing manager named Jones from one of the subsidiary's divisions. Jones soon let it be known that the old days of delegation were over and that he was going to create a strong, centralized head office with himself as its driving force. On more than one occasion, Jones made it clear that he had little respect for either the previous management or some of the managers still in the company. He introduced specific cost, measurement, and reporting procedures; a number of managers and staff members were fired, took early retirement, or resigned. As Jones set his policies in motion, other old-timers were immobilized or bypassed.

Jones spent a good deal of time in the field, and every three months he took a team of headquarters staff with him to area plan-and-review sessions that cynics labeled "jump for Jonesie" shows, "rock 'em, sock 'em" binges, and "point the finger" days. Along with his periodic outbursts about the shortcomings of certain subordinates or reports, Jones's tough-spoken demands for tight budgets, detailed action plans, and short-term goals set the tone for management meetings.

As time went on, opposition to Jones appeared within both the company and the parent organization, but it remained underground because his company's measurable benefits seemed to outweigh the obvious costs of his behavior. The performance figures looked good. With increased inflation, cost cutting, and rising demand, the so-called bottom line showed the company to be very successful. Balanced against these positive indicators, high dissatisfaction, high turnover, postponed investments, and little evidence of succession planning all seemed negligible.

After several long, serious strikes in three of the subsidiary's key plants, however, top management finally became concerned with Jones's hard-line approach. Shortly after the last strike, senior managers in the parent company began to review their options—and about a year later replaced Jones with a senior manager from the parent company. No one within the subsidiary appeared capable of taking the job at that time.

This story may sound dramatic, but I suggest that the Manager Joneses of the world are legion. Sometimes the battle lines are more subtly drawn than in this case; sometimes managers are the mas-

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ters and sometimes the victims, but almost invariably at one time or another managers fall into Jones-like situations.

Like all people, managers behave according to their assumptions of how the world works—whether, for instance, it is a kind or a cruel place. Disastrous behavior such as Jones's follows when a manager's assumptions about the world establish a dangerous and self-defeating pattern.

The pattern develops, I believe, when managers hold three simple assumptions that, in combination, prevent trust from forming. Even though managers like Jones will state that it is trust more than either power or hierarchy that really makes an organization function effectively, these same managers all too often find themselves operating in and sometimes creating an atmosphere of pervasive *mis*trust in their companies.

Using Manager Jones as representative of all of us at times, I want to explore this mistrust—so subtle, so prevalent, and yet so unproductive—and then to describe how the three assumptions people make daily can create this destructive atmosphere.

I will briefly describe the three "harmless" assumptions, show how they appear in a managerial context, and then explore some alternative approaches and assumptions. In presenting these alternatives, I argue in favor of two fragile but important concepts—namely, tentative trust and paradoxical action.

Too often we fail to go beyond our initial reactions in order to look at an issue's deeper levels and thus avoid the time and the tension that such work entails. Then, as Manager Jones did, later on we pay the price. To see how this happens, let's begin with the assumptions as Manager Jones might have experienced them.

Three Harmless Assumptions

The three assumptions are, first, that important issues naturally fall into two opposing camps, exemplified by either/or thinking; second, that hard data and facts are better than what appear to be soft ideas and speculation, exemplified in the "hard drives out soft" rule; and finally, that the world in general is an unsafe place, exemplified by a person's having a pervasive mistrust of the universe around him or her. These assumptions can often be useful and necessary. Separately, they seem so natural that we don't see them as harmful. As a matter of fact, we often see them as healthy; in certain situations, for instance, we think only a fool would *not* be mistrustful.

Nevertheless, when managers combine all three assumptions at the same time, which we do very naturally as well, the assumptions may benefit us in the short run—but be very destructive in the long. Now let's look at them in turn.

Do or Die

A person holds assumption number one when *either/or* thinking dominates choices and decision making. Like the rest of us, Manager Jones had to turn complex sets of alternatives into useful prime choices. Under conditions of uncertainty, Jones relied on experience and instinct to help him limit the alternatives, make choices, and then implement them. Using analysis and discussion, managers typically narrow their alternatives into such options as make or buy, act or react, centralize or decentralize, expand or retrench, and reward or punish.

But the problem with this way of thinking is more serious than that it limits options. People often become emotionally attached to a symbol or choice and see it as either good or bad. We set up the alternatives as adversaries and turn them into unions *versus* management, blacks versus whites, government *versus* business, theory *versus* practice, and us *versus* them (whoever they are). Despite Lincoln's reminder that a house divided against itself cannot stand, American tradition and history have taught us to separate issues into their two most obvious alternatives—and then to pronounce one of them "good" and the other "bad." It seems that part of what Manager Jones created in those around him was this either/or mentality. By his own definition, his choices were good. Others were to be criticized and attacked.

Even when it occurs, however, either/or thinking by itself is not destined for disaster. The real problem is that the assumption builds certain future expectations. For Manager Jones, these expectations prevented him from stepping outside of each either/or dichotomy to look again at the ingredients—to find an unseen paradoxical alternative or ingenious recombination. In Jones's case, for instance, he never sought to reintegrate the old-timers into his new management scheme. Because he saw them as having caused the problems, that would have seemed absurd at the time. Yet, paradoxically, they might have helped Jones overcome his subsequent turnover, morale, and strike problems.

Other examples of either/or ingredients illustrate the problem as well as a resolution. For example:

□ For several generations now, people have viewed the management versus union dichotomy as a fact of life. One is good while the other is bad, depending on your perspective. If not enemies, the two have been at least antagonistic adversaries bound mainly by a legal contract. In many companies, this view leads to daily frictions between workers and supervisors. These can escalate into formal grievances. Under such conditions, even honest cooperative gestures are seen as dishonest or hostile. In one company, management tried to start some "improvement meetings" with workers. But because of past union-management experiences, the meetings were doomed before they started.

Yet in other companies, workers and managers have bargained hard on some issues and achieved shop floor cooperation on others, beyond the legalities of the contract. They were both bound to but not always limited by the contract.

Are these latter situations an exception to the rule? Probably they are, simply because the rule in most companies seems based on the more prevalent either/or assumption and its traditions. It is easier to take a firm position and act as if us or them, right or wrong, and good or bad were the major real-life options. But again, the villain here is not the either/or assumption itself. It is the distortion that occurs when people assume they need to defend their positions while also adopting the other two assumptions.

A Bird in the Hand . . .

Assumption number two is the principle that *hard is better than soft*, which means that hard drives out soft.* We saw it in Jones; we see it in ourselves. The idea goes as follows. Once Jones began to make either/or choices, he almost "had to" show their superiority and defend them; at least, that's the way he saw it. And to defend his position, he needed hard facts rather than soft feelings, hard numbers rather than soft words, and hard data and concrete steps rather than abstract possibilities. It meant short-term action taking rather than long-term planning, "tell it like it is" statements rather than speculative explorations.

Consequently, Jones became a tough wheeler-dealer manager who needed to win out over the other side. As "they" became the opposition, having the best defense meant having a good offense. In Jones's case, as in many of our own situations, it is easy to see how the dangerous link between the first and second assumptions gets fused.

**Author's note: George F.F. Lombard of the Harvard Business School first called my attention to this assumption some years ago as a variant on Gresham's Law that "bad money drives out good money." I have since heard of other similar variations such as one coined by Warren Bennis, recent president of the University of Cincinnati, as Bennis's Principle: "routine work drives out nonroutine work." In the same spirit, I suppose, "hard drives out soft" deserves to be known as Lombard's Law, which is* what some of us have affectionately called it in recent years.

Holding this second assumption easily leads a person to a hard-nosed, buccaneer management style that turns doubt into action and stirs the hearts of those who idolize such uncompromising figureheads as General George S. Patton, Harold Geneen of ITT, the Ayatollah Khomeini, or the late John Wayne's macho cowboy roles. Such leaders at least *act* as if they know what they're doing. And the shoot-from-the-hip style is not restricted to management; the hard/soft assumption shows up in the hard-nosed skepticism of science and in the lawyer's quest for hard evidence. In the best competitive tradition, people who hold this assumption "get things done," despite later consequences.

Yet both proponents and opponents of hard-is-better-than-soft can make profound mistakes in its name. Both can propel an either/or position a long way toward a disaster of the extremes, as the following example shows:

□ When John F. Kennedy took office in 1961, he was confronted with the CIA's plans for the Bay of Pigs invasion. Although Kennedy seemed to have early doubts about the invasion and even though a few advisers like Arthur Schlesinger, Jr. and Chester Bowles expressed reservations, Kennedy went along with the arguments for an attack as presented by Allan Dulles of the CIA, some joint chief of staff members, and other highly qualified advisers.

Schlesinger later wrote about the hard-drives-out-soft mood of those meetings in his book *A Thousand Days*—"Moreover, the advocates of the adventure had a rhetorical advantage. They could strike virile poses and talk of tangible things—fire power, air strikes, landing craft, and so on. To oppose this plan, one had to invoke intangibles—the moral position of the United States, the response of the United Nations, 'world public opinion,' and other such odious concepts.

"But just as the members of the White House Staff who sat in the Cabinet Room failed in their job of protecting the President, so the representatives of the State Department failed in protecting the diplomatic interests of the nation. I could not help feeling that the desire to prove to the CIA and the Joint Chiefs that they were not soft-headed idealists but were really tough guys too influenced State's representatives at the Cabinet table."[1]

The Bay of Pigs example illustrates the power of the hard-is-better-than-soft assumption in combination with its either/or companion. When opposing sides are formed, people feel almost compelled to

1. Arthur W. Schlesinger, Jr., *A Thousand Days: John F. Kennedy in the White House* (Boston: Houghton Mifflin Co., 1965), p. 255.

choose one or the other—and to find tangible ways of defending their choices. The side that usually seems most convincing is the one that is supported by hard evidence and defended by hard tactics, which have both an intellectual and an emotional appeal for the tough-minded and the would-be tough-minded, like Jones.

The danger with people's tendencies to make hard-nosed choices is that, as in the Bay of Pigs discussions, such choices quickly acquire their own momentum. To stop the snowball—to try to reexamine the options—means violating the either/or and hard/soft assumptions, while seeming, as Schlesinger says, to be a "soft-headed idealist." As many managers know, in most tough-guy contexts it can be very hard to appear soft.

Pitting himself and his hard-line approach against both old-line practices and old-time managers, Jones exemplified the tough-guy manager. However, he personified a third assumption as well.

Nice Guys Finish Last

The third harmless assumption forms a basis for and helps contaminate the other two. It holds that the world is a dangerous place requiring that a person adopt a position of *pervasive mistrust* to survive. When held, this assumption dominates the atmosphere and blots out situational factors. Like the other two assumptions, mistrust can be very useful when our safety or well-being is at stake. On other occasions, however, our own mistrust helps set the stage for either/or thinking and hard-drives-out-soft behavior.

According to those who had known him in earlier years, Manager Jones had been taunted in childhood for being weak. To avoid the appearance of weakness, he adopted an aggressive posture and an air of superskepticism, which fit his view of the world. He was bright enough to be a rising star in a company where mutual trust among managers was considered important. Jones, himself, was considered trustworthy by his superiors in the sense of being a predictable producer.

As Jones set one subordinate faction against another, however, and as hard began to drive out soft, the parent company managers saw how destructive Jones's sense of mistrust was and how absent and important the softer, more caring side of trust had become. Not surprisingly, key subordinates reciprocated Jones's lack of caring, which led them to indulge in inconsistent and unpredictable behavior. As a result, any earlier bases for organizational trust disappeared.

Jones's assumption of pervasive mistrust was reinforced by his either/or and hard-drives-out-soft viewpoints. The situation deteriorated even more as Jones's subordinates took sides and added fuel to the fires of mistrust. It took the company more than five years to move out of what was by then commonly acknowledged to be a very difficult situation. This experience suggests how much harder it is to drive out hard with soft than vice versa, even though it can be done over time. It also suggests that we should examine the tenacious roots of trust and mistrust more closely. For this, the work of Erik H. Erikson is instructive (see the sidebar on page 112).

Although Erikson's work rests on rich clinical evidence, it seems reasonable to ask, "What do early trust-mistrust patterns have to do with managers like Jones?" In response, researchers would generally agree that we never fully conquer old anxieties or doubts; when we encounter difficult new situations, we often reexperience old tensions. Thus the early major dilemmas of the human life cycle can often return in later years when we meet new tension-filled settings and experiences.

In addition—and most important for managers—even though our earliest and most basic assumptions about trust and mistrust are formed in early infancy, they are affected by new situations and by how a person feels about the immediate situation. Consequently, the trust versus mistrust dilemma constantly confronts us as we face new situations, new people, new adversities, and even new successes.

In this fashion, much of our initial behavior in these new situations is an effort to search for, test out, and initiate a tentative sense of trust or mistrust. When other people see this initial behavior as *both* predictable and caring, they develop an expectation of future hope, which accompanies trust. Such early search behavior also invites similar responses from others.

This exchange creates the giving and getting-in-return behavior that Erikson pictures and which pervades all cultures in what sociologists call the norm of reciprocity. Its universal pattern gives us (and Jones) a way to check out and test for the presence of trust. When we try to give something, we have a chance to see what we get in return. If the exchange is unsuccessful, for whatever reason, we usually assume it is a situation in which mistrust prevails.

To further show how the trust/mistrust assumption works, though, let me briefly describe three studies by other behavioral scientists.

The first, by James Driscoll, shows how satisfaction in organizations is determined more by the degree of trust present than by either levels of participation or people's inherent trust. In other words, Driscoll suggests that with trust, the immediate environment is more important than either one's background or one's participation in decisions.[2]

2. James W. Driscoll, "Trust and Participation in Organizational Decision Making as Predictors of Satisfaction," *Academy of Management Journal*, 1973, vol. 21, no. 1, p. 44.

The second study of trust and mistrust is Dale Zand's simulation of managerial problem solving, and the third is R. Wayne Boss's replication of Zand's study done some years later.[3] Both studies examine how high-trust and low-trust conditions affect the quality of managerial problem solving involving a company president and three vice presidents. Each study set up teams with sets of instructions; some teams' instructions were filled with high-trust assumptions, others' had low-trust assumptions. The surprising thing in these studies is how easily the simple instructions given to each set created these trust differences. Zand's instructions for the high-trust teams, all of whom were managers attending a course, read as follows (note the words I have italicized):

> "You have learned *from your experience* during the past two years that *you can trust* the other members of the top management team. You and the other top managers *openly express your differences and your feelings of encouragement or of disappointment*. You and the others *share all relevant information and freely explore ideas and feelings that may be in or out of your defined responsibility*. The result has been a *high level of give and take and mutual confidence in each other's support and ability*."[4]

According to Zand, the instructions given to the low-trust groups were "worded to induce a decrease in trust." This was epitomized by the president perceiving his or her vice presidents as potentially competitive.

The key difference in the two sets may be the specific cues about the give-and-take reciprocity among managers. In the high-trust teams, the norms of reciprocity included expressing differences of opinion, stating feelings of encouragement and disappointment, sharing information, exploring ideas outside of one's own function, providing high give and take, and giving support. For the low-trust teams the opposite was implied.

Both the Zand and the Boss studies indicate that high trust was the key factor in problem-solving effectiveness. Moreover, in his replication study, Boss reports a surprising finding (italics mine):

> "*The fact that trust was the overriding variable was not initially apparent to the subjects.* When participants were asked to explain the reasons for the obvious differences in team effectiveness, they offered a number of plausible explanations. . . . When told of the different instructions, the group members reacted with amazement and relief. *They were amazed that they had not perceived what seemed to them after the fact to be obvious.*"[5]

What does all this tell us about the soft assumption of trust?

1. Our concerns about trust apparently begin very early and recur throughout our lives.
2. Trust seems important for both effective performance and high satisfaction.
3. Trust may be easier both to create and to destroy, under some conditions, than we have assumed (it depends on how norms of reciprocity develop and take hold).
4. Managers may gloss over the crucial role of trust and mistrust assumptions and fall back on more convenient explanations for behavior in their companies, such as personality differences and the boss's actions.
5. Perhaps most important, our assumptions of trust and mistrust come at us from both past and present situations.

We may not be able to do much about the past, but we do have some control over present and future actions. In new situations, once we question the inevitability of pervasive mistrust, then the either/or and hard/soft assumptions also stand on shakier ground. Indeed, if we question all three assumptions enough, it becomes apparent that they no longer need to combine to our detriment. But what can we use to replace them?

Alternative Approaches

So far I've discussed how—even though separately each may be very useful—long-term problems arise when managers combine the three harmless assumptions. The same is true when we combine their most obvious alternatives, which, in good either/or fashion, happen to come from their exact opposites. Manager Jones would most likely reject the idea that pervasive trust (the obvious alternative to pervasive mistrust) could possibly replace his assumption. His experience has taught him otherwise. And he would surely (and with reason) reject the idea that a prolonged-tolerance-for-ambiguity or a soft-is-better-than-hard viewpoint is a suitable replacement for any more rigorous stance.

Even though Jones might reject these alternatives, others do not. For some people, the concepts of pervasive trust, prolonged ambiguity, and soft-over-

3. Dale Zand, "Trust and Managerial Problem Solving," *Administrative Science Quarterly*, June 1972, p. 229; and R. Wayne Boss, "Trust and Managerial Problem Solving Revisited," *Group and Organizational Studies*, September 1978, p. 331.

4. Zand, "Trust and Managerial Problem Solving," p. 234.

5. Boss, "Trust and Managerial Problem Solving Revisited," p. 338.

Trust vs. Mistrust

Since 1950 and the publication of Erik Erikson's *Childhood and Society*, many developmental psychologists have viewed trust and mistrust as the cornerstones of human development. Erikson divides the human life cycle into eight stages and suggests that each period is a time for a major developmental dilemma or crisis. The first of these crises is the trust versus mistrust crisis, which faces the human infant on entering a world of confusion and complexity. The determining relationship is, of course, with the infant's mother.

The other seven crises are autonomy versus shame and doubt (during the first year or two), initiative versus guilt (during the remaining preschool years), industry versus inferiority (during the early school years), identity versus identity confusion (during adolescence), intimacy versus isolation (during young adulthood), generativity versus stagnation (during adulthood), and integrity versus despair (during old age).

Working through and tentatively resolving each crisis brings an accompanying strength and a basis for future behavior. Thus viewed very roughly, for example, the young child who works through the autonomy crisis achieves an expected virtue of self-control, which provides a behavioral base for holding on and letting go.

Although Erikson sets up the trust/mistrust dilemma in an either/or form, he is careful to add that variations of the same problem continue on through life despite a tentative and precarious balancing of trust and mistrust during the crucial infancy period. If that tentative balance tilts in the direction of trust, Erikson suggests that the infant gains a basis for expecting the virtue of hope in the future, which in turn lays the groundwork for giving-and-receiving behavior.

Source: Erik H. Erikson, *Childhood and Society* (New York: W.W. Norton & Co., 1950).

whelming-hard fit together and have great appeal. With almost religious fervor, like flower children or sensitivity training converts, they promote their causes to proclaim the new utopias. Typically, that fervor is all it takes for their more mistrustful adversaries to draw new lines and define new battlegrounds.

Ultimately, holders of opposing viewpoints emerge and throw loaded overstatements at the other side, as both parties get drawn into defending fixed positions.

Over the years the management pendulum swings back and forth from liberal to conservative, from centralization to decentralization, from harsh layoff periods to expensive benefit programs, and from severe survival controls to expanded product development and cries for creativity. A major problem is that early dialogue between the opposing viewpoints often triggers defensive thinking within each position, as happened in Jonestown, Watergate, and Iran. In each case, typically—and tragically—either/or, mistrust, and hard-drives-out-soft prevail in the short term.

At the same time, people in organizations can and do learn. What appears to be pendulum behavior isn't merely that. Opposites sometimes converge or change as they develop. Sometimes new managers and new situations phase new assumptions into old issues. Sometimes a wise, experienced manager can rise above a repeated false dichotomy and furnish the impetus for finding new approaches. Such approaches, however, require people adept at a third path, not just a middle way, as well as specific steps toward organizational trust and constructive reciprocities. To do this, managers need to abandon the three assumptions and their opposites in favor of less rigid, more creative combinations.

Things Aren't Always as They Seem

Another example, as follows, might help to illustrate how this third way can work:

□ The faculty and administration of a small college were torn by argument and dissension. The veteran president had recently resigned, and a search committee had chosen a woman with a distinguished academic record as the new president. Not long after the new president arrived, the dean of faculty also resigned.

After conferring with the executive committee of the faculty, the new president appointed a young, recently tenured faculty member as the acting dean of faculty. She also announced three short-term goals: improving the enrollment picture, improving the financial situation, and building new trust. She resisted strong pressures to produce a specific "mission" statement, saying that as soon as she did, it would polarize the college community into those who agreed with the statement and those who didn't. She also chose to keep the new dean of faculty as an acting dean so that he could be tested in his new role while she and the faculty learned to work with him and with each other.

During their first year of working together, the new president and the acting dean took supportive but active roles in faculty discussions, helped to pass legislation that greatly simplified the cumbersome committee structure, improved the enrollment and financial pictures, and tried to strengthen faculty work relationships.

Specifically, the new dean worked hard to reinvolve a number of senior faculty members who were described by others as "burned out" and "losers" of earlier faculty battles. He did this by going to them for advice on important matters, frequently seeking them out in their offices, refusing to let them withdraw, helping them to get money for such mundane tasks as manuscript typing and library research, sending them to conferences on innovative practices in their own fields, asking them to chair short-term task forces, and seeking and finding financial help for them to start new research.

At the start of the second year of the acting dean's appointment, the president still refused to appoint him as the permanent dean until the official search committee was set up and made its own report and recommendation. The acting dean agreed: "I have everything to gain by not having the official title and authority. This way I can still get help from everyone and don't have to act like an official dean." Nevertheless, within a few months a search committee did recommend that his title be made official.

A number of knowledgeable sources have since reported that the college is progressing excellently.

As managers, the new president and her acting dean posed a puzzle to most of their constituents. She was new, an outsider, and wouldn't take a firm position on educational policy; he was young and had little administrative experience. In an institution where protocol, tradition, and gestures of strong leadership had been important, neither administrator leaned on them. Where mistrust had been rampant, she set out to assume and to build trust. In an effort to demonstrate that there was still leadership in the faculty ranks as well, he set out to revitalize burned-out faculty members.

In effect, the president and the dean refused to adopt either set of simple hard or soft assumptions. Instead they assumed a condition of tentative trust and worked toward a set of *and/also* rather than either/or expectations. They did this by behaving in ways that explored, listened, and confronted while exemplifying care for the school and its people. In effect they began reciprocities that could lead to organizational trust.

In doing so, the president and dean created a sense of shared hope for the future. Both gave ample evidence of caring for the school and its individual members. After identifying a set of crucial problems—enrollment, finances, trust, a demoralized faculty, little support for faculty projects, and low student and faculty initiative—both confronted them. As new leaders, they worked on old issues in new ways and surprised some people. They did not initially set forth a master plan or mission. She chose a relatively inexperienced person as dean. They both tried to build and rebuild faculty leadership instead of drawing attention to their own. And even after the acting dean had convinced the faculty of his competence, the president refused to push for his permanent appointment until the faculty also took responsibility for it.

As a result, the either/or power struggles that had existed between the previous administration and the faculty moved toward a set of and/also expectations. The new administration, the senior faculty, the junior faculty, the students, and the subfactions built a new leadership network where the quality of students rose, student turnover and attrition declined, programs expanded, and finances improved. Paradoxically, the president and dean accomplished the expected, or hoped-for, results by creatively pursuing the unexpected—at least in the eyes of many constituents.

These seemingly inappropriate about-faces are what I call paradoxical actions. In using the word *paradox* in this way, I'm borrowing from philosopher W.V. Quine's notion that paradox is "any conclusion that at first sounds absurd but that has an argument to sustain it," although these arguments are often buried, ignored, or brushed over quickly.[6] Paradoxical actions are the "absurd" steps, such as listening hard to the other person when one is trying to win an argument, that break up and bridge false dichotomies. They create working links toward trust where there were few or none before.

Paradoxical Actions . . .

The mysteriousness of paradox has fascinated poets, scientists, philosophers, and laymen for thousands of years. Paradoxical puzzles can both pose unanswerable questions and lead to insightful creative answers; Kierkegaard called paradox the "source of the thinker's passion." The reconciliation of apparent contradictions underlies some of the most truly creative discoveries of science, not to mention most religions, while the suggested unity of opposites permeates the works of great writers, like O'Neill and Conrad. Most important, partly because it is based on an unfamiliar logic or ratio-

6. W.V. Quine, *The Ways of Paradox* (Cambridge: Harvard University Press, 1976), p. 1.

Paradox in Management Theories

More than 20 years ago. Douglas McGregor wrote about two sets of assumptions that he called Theory X and Theory Y. Theory X corresponded with our first three assumptions, the hard ones. But Theory Y was not just Theory X's opposite, although that is what many observers concluded. McGregor did not intend the two sets of assumptions to be forced into the hard versus soft mold. He meant Theory Y to be an integrative set of assumptions, not Theory X's polar opposite. As McGregor notes in describing the paradoxical qualities of Theory Y:

> "The central principle of Theory Y is that of integration: the creation of conditions such that the members of the organization can achieve their own goals best by directing their goals toward the success of the enterprise. . . . The concept of integration and self-control [also] carries the implication that the organization will be more effective in achieving its economic objectives if adjustments are made in significant ways to the needs and goals of its members."*

In other words, McGregor is suggesting that each party could meet its own goals best by paradoxically directing them largely toward the goals of the other party. Much to McGregor's disappointment, this was not the way many people came to see Theory Y.

Likewise, five years later, Robert R. Blake and Jane S. Mouton developed the managerial grid. Building on others' thinking, including McGregor's, they originated the concept of organization development and built it around five styles of management. By using the concern for production and the concern for people as two polar extremes, they identified two of the styles (9,1 and 1,9) with these extremes, another style (1,1) as low on both concerns, and two other styles (5,5 and 9,9) as trying to take both production and people concerns into account. Blake and Mouton's major contribution, I believe, was to distinguish the middle path compromise position of 5,5 from the paradoxical fusion style of 9,9. As they wrote about the 9,9 style:

*Douglas McGregor, The Human Side of Enterprise (New York: McGraw-Hill, 1960), p. 49.

> "Unlike the other basic approaches, it is assumed in the 9,9 managerial style that there is no necessary and inherent conflict between the organization purpose of production requirements and the needs of people. Under 9,9, effective integration of people with production is possible by involving them and their ideas in determining the conditions and strategies of work."†

In their writing on differentiation and integration, Paul R. Lawrence and Jay W. Lorsch described another paradox dealing with organizational structure. Lawrence and Lorsch found that active and uncertain organizational environments require specialized and differentiated functions within the organization. However, high differentiation also requires stronger, more elaborate integration efforts to help coordinate the parts of the organization. The paradox lies in the idea that the most effective companies in turbulent environments had both high differentiation and high integration. As Lawrence and Lorsch observe:

> "The finding still leaves us with a curious contradiction. If, as we have found, differentiation and integration work at cross purposes within each organization, how can two (of the studied) organizations achieve high degrees of both? The best approach to explaining this apparent paradox becomes evident. . . . If organizations have groups of highly differentiated managers who are able to work together effectively, these managers must have strong capacities to deal with interdepartmental conflicts. . . . Effective integration . . . means that these conflicts must be resolved to the approximate satisfaction of all parties and to the general good of the enterprise."††

†Robert R. Blake and Jane S. Mouton, *The Managerial Grid* (Houston, Tex.: Gulf Publishing, 1964), p. 142; and Robert R. Blake, Jane S. Mouton, Louis B. Barnes, and Larry E. Greiner, "Breakthrough in Organization Development," HBR November–December 1964, p. 133.

††Paul R. Lawrence and Jay W. Lorsch, *Organization and Environment* (Boston: Harvard Business School Division of Research, 1967), p. 53.

nale, a paradox's true workings always seem to be just beyond our understanding.

Once we see these same paradoxical situations as and/also propositions rather than either/or contradictions, the reconciliations seem relatively obvious. That awareness, though, doesn't always help us find the underlying unities the next time we face a set of apparent opposites. Manager Jones is not the only one who finds it difficult to break old reciprocities or the patterns that reinforce them. Sometimes, however, change requires the very opposite of what appears to be logically appropriate behavior.

At the same time, paradoxical actions are not foreign to many a modern manager. To buy when others are selling, to ask questions when others expect answers, or to give new autonomy when subordinates expect tighter controls are all actions that make sense under certain conditions. And, without highlighting it, some of the most popular management concepts of recent years have relied on paradox. The work of McGregor, Blake and Mouton, and Lawrence and Lorsch all entail paradoxes (see the sidebar on the facing page).

In a sense, these real and theoretical examples highlight the almost unnoticed role of paradox in organizational behavior. In similar fashion, I suspect, most readers overlook the crucial role that paradox plays in their own more creative actions. And yet, acting paradoxically constitutes one way to get beyond tentative trust rather than adopting the extremes of pervasive trust or pervasive mistrust.

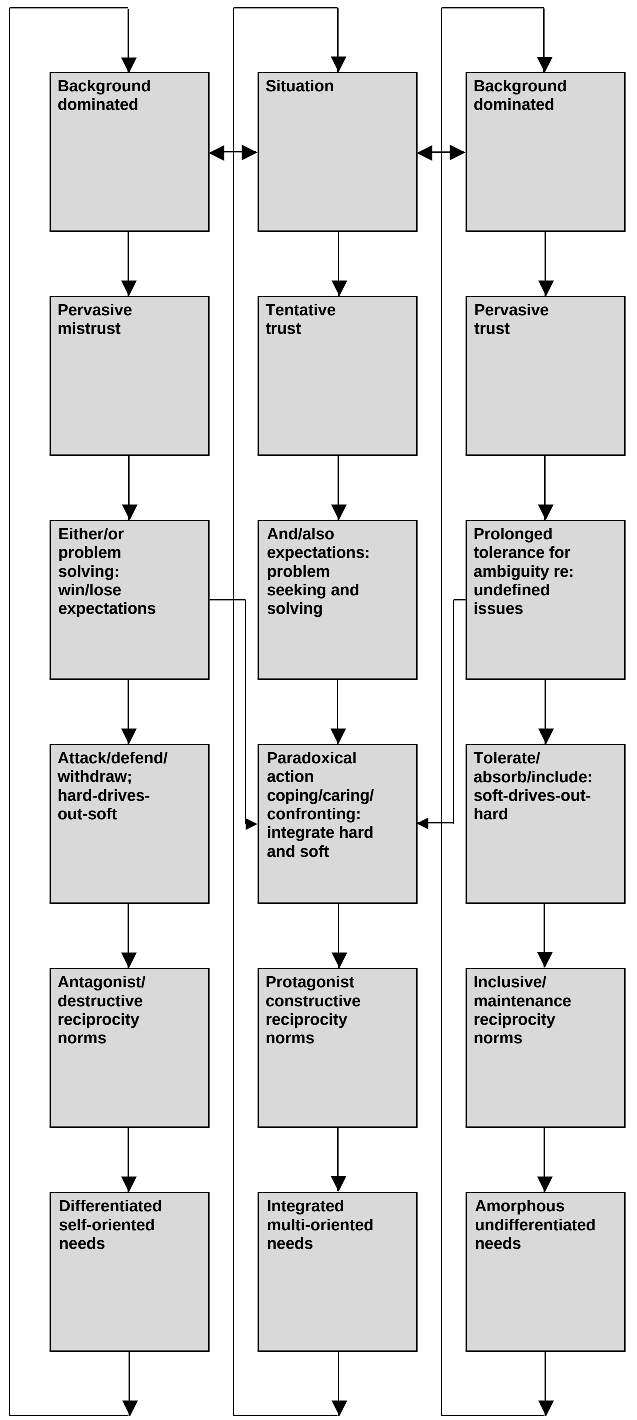
Likewise, a manager who avoids either/or thinking or its mushy opposite, prolonged ambiguity, must consciously adopt an and/also viewpoint whereby ingredients are kept separate but are not assumed to be in conflict. Finally, and most difficult, managers need to replace the hard versus soft behavior with paradoxical actions that *cope* with new information, *confront* important discrepancies, and *care* for individual people and issues. The goal is not to do one or the other; it is to weave them into a pattern of separate behaviors that sets the basis for new reciprocal patterns.

. . . and Norms of Reciprocity

Earlier, I suggested that the fragile toughness of trust is a crucial factor in blending extremist hard- and soft-line assumptions into an organizational bonding that holds a company's disparate parts together. Trust that is too tentative, emotional, and fragile will fall back into pervasive mistrust. Trust that is too tenacious, impervious, and tough becomes inflexibly shaped into a pattern of pervasive trust. Organizations with too much mistrust become overly differentiated, with people succumbing to either/or expectations and hard-drives-out-soft behavior. Organizations with too much trust become overly integrated, with people lapsing into prolonged ambiguity and soft-is-better-than-hard behavior. Both extremist patterns depend on emotions more than on data and self-awareness. Both also build up ineffective reciprocity patterns.

The three-path diagram in the *Exhibit* displays the points I've made so far plus another path that is based on the more modest assumption of tentative trust. The diagram also suggests that the patterns persist because people reinforce them: i.e., attack/defend/withdraw behavior follows from an assumption of pervasive mistrust and win/lose expectations. Such behavior begins a cycle that repeats itself until it becomes a norm of reciprocity and degenerates into a continuing self-oriented need pattern. Obeying a distorted golden rule, people do to others what they perceive is being done to them. Beginning with a pervasive sense of mistrust, they shift eventually into a set of destructive reciprocities and finally to even more divisive and self-oriented needs.

EXHIBIT The Assumptions and the Patterns They Create



As emotions run high, the cycle continues, engendering even more mistrust.

The three-path diagram also suggests that norms of reciprocity need not result in rigid patterns and structures. One way to break those norms, which are perceived as natural by the time they are frozen, is to seek for and initiate paradoxical actions. New norms cannot be set into motion unless the old ones are broken. And the old ones cannot be broken unless paradoxical insights and actions help break old patterns. Some of this paradoxical behavior is subtle and difficult to capture. It hinges on words, gestures, and maybe most of all on careful listening for new clues and knowledge.

But even more, paradoxical actions begin to set up new relationships and in that sense lead to the unexpected. Such actions suggest that, in Lewis Carroll's words, "things aren't always as they seem." Consider one final example where a major company president, reflecting on a turbulent year of employee relations, notes:

"Some of our problems are our own fault. We lost contact with our own employees. Managements in large companies say that they get too big to stay in personal contact with their employees. We swallowed that. Now, however, I think that the opposite is true. The larger we get, the *more* important it is for us to emphasize personal contact by top management down through all levels. We've been doing it all wrong. We stumbled over our own assumptions."

In essence, to prevent mistrust beliefs or their extreme opposites from becoming frozen, we sometimes need, unlike our friend Manager Jones, to live and to create paradoxical actions. We need to know and act as though some things are both certain and uncertain. We need to polarize and synthesize, to see questions in answers, to be both inside and outside of situations, to learn while teaching, and to find unity in opposites as well as opposites in unity. Interestingly enough, excellent managers, though they are not used to talking these ways, *are* used to thinking paradoxically. Our hope for dealing with an increasingly complex organizational future lies in understanding—and making more explicit—the implicit truth in this way of thinking.