The Politics of Failure: Workplace Politics & Poor Performance

Executive Summary

This paper provides managers and leaders with the necessary information to implement a cure for poor organizational performance and its unhealthy workplace politics. The paper addresses the following areas: 1) Leadership and Performance; 2) Performance, Strategic Alignment and Politics; 3) Functional vs. Dysfunctional Politics 4) Performance Diagnosis Checklist; 5) Dysfunctional Politics and Performance Risks; 6) Treatment Challenges; 7) Best Practices for Curing Dysfunctional Workplace Politics

1. Leadership and Performance

The subject of leadership has been greatly covered by scholars, academicians and consultants, yet building and sustaining high-performance teams remain elusive to most companies. Leadership is the most important competitive advantage of a company, not technology, finance, or anything else. Leadership formulates the company's business strategy and builds its assets, including its people and operations.

The leadership team is the most important asset of the company and can be its worst liability.

A failed business is the result of poor performance. Poor performance is the result of an incompetent or dysfunctional leadership team.

To paraphrase Tolstoy, *All successful companies are successful for different reasons, but dysfunctional companies are dysfunctional in the same way*.

The main reason for poor organizational performance is not the lack of business knowledge, but due to poor execution attributed to mostly dysfunctional workplace politics. Most competitors in the same industry have similar strategies and tactics, similar products and services, and similar marketing and sales programs. Their organizational structures, job descriptions, and even their staff have similar business and technical education. So over the long-term, with such minor differences between the competitors, why there is such a drastic difference in the performance? The research found that the key difference is in the way the teams work together to execute their strategies. The three execution dimensions are speed, effectiveness and efficiency. These performance dimensions are all a function of continuous strategic alignment, which in turn is a function of organizational politics.

2. Performance, Strategic Alignment and Politics

Classic management science has defined four management functions: planning, organizing, motivating and controlling. According to the research, the classic definition is missing a key function, namely; aligning. Sustaining high business performance is a product of continuous strategic alignment. Strategic alignment is a function of political alignment. It is how well the teams communicate and work with each other. Simply put, strategic alignment is getting all the people in an organization rowing in the same direction -- imagine the force and speed when they are rowing synchronized in the same direction and imagine the performance and wasted of energy when they are not.

3. Functional vs Dysfunctional Workplace Politics

Management by its nature is a highly political role. The first key management function is planning and resource allocation among competing business needs and departments. Managers must balance the conflicting interests among their stakeholders, including the investors, board of directors, employees, customers, suppliers, and government.

Technical managers that get promoted into business management positions, learn, the hard way that they cannot function, if they do not have the political skills needed to deal with never ending conflicting views, interests and personalities. The organizational life is full of conflicts, ranging from minor differences of opinion to major political wars. Learning how to manage workplace politics is critical to professional and business success.

Common organizational politics and management behavior:

- Most managers have natural tendencies to hoard resources and build empires to gain more control power and status within the organization.
- Most managers play territorial games. They will resist or delay change, if they do not fully understand the impact on their territory
- If the manager does not agree with the plans, he or she are more likely to play passive-aggressive games
- Some managers will sabotage the leader's plan, if it threatens their interest
- The higher the stake for the manager, the higher the risk of unethical political behavior
- Even fast-growing and profitable companies can develop bad internal politics and unproductive work habits that will eventually lead to declining performance.
- The larger the organization, the more susceptible it is to the breakdown of communication, the emergence of management silos and misalignment.
- Many of the smaller companies also suffer from similar problems, but to a lesser degree.
- When management tends to focus so much on one management area, e.g., sales, and has no time to manage the internal organizational challenges, dysfunction creeps in and takes hold.

To build and sustain high-performance teams, the leadership and human resources managers should distinguish between functional politics and dysfunctional politics in every part of the organization.

What is the difference between functional politics vs. dysfunctional politics?

Healthy Functional Politics	Unhealthy Dysfunctional Politics
• Collaborative conflict resolution i.e. Win-Win approach	• Competitive conflict resolution i.e. Win – Lose approach
• Focus on the issues not people	• Becomes personal and can escalate from wanting to win, to wanting to hurt or punish
• Respectful non-threatening communication	• Disrespectful point-scoring communication
• Exploring new ideas and building consensus	• When animosity occurs, communications break down, trust and support deteriorate and open hostility results
• Stimulate greater creativity and knowledge	• Information silos results in poor decisions
• Increased motivation	• Misaligned incentives, efforts and results
• Align objectives, incentives and performance	• Increased stress
• Increased group cohesion	• Decreased productivity
• Develops the interest of organization	• Decreased morale & motivation
	• Threatens the interest of the organization

If organizational politics left unchecked, conflict has the potential to grow exponentially. As conflicts escalate, workplace politics can easily transform from functional politics to dysfunctional politics. The leadership must continuously monitor signs of unhealthy conflicts and formally manage workplace politics as they manage finance, marketing and any other critical business function.

4. Performance Diagnosis Checklist

Dysfunctional leadership causes, symptoms and early warning signs:

- Dictatorial Leadership: A manager that does not allow disagreements out of insecurity or arrogance, creates a fear based decision environment that limits collaboration and creativity in finding solutions to everyday business problems.
- Democratic Leadership: A well-intentioned yet, misguided management by consensus instead of management by expertise, results in overlapping roles and responsibilities and endless management meetings wasted on territorial battles, egoistic clashes and retaliations. While democracy might work for governing nations, it does not work for businesses where speed, effectiveness and efficiency are top priority. Imagine if every company functioned like the US congress, how long it will take the management team before they agree on every aspect of a business plan and execution.
- Ineffective Meetings: Argumentative and heated cross-divisions meetings with discussions and language focusing on point-scoring and buck-passing rather than sharing responsibility and collaborating to solve the problem
- Fragmented Organization Efforts: Interdepartmental competition and turf wars between rival managers lead to the emergence of silos, which results in communication gaps. Management silos almost always result in fragmented and duplicated budgets and projects, thus wasting valuable company investments.
- Too Much Management: There are many management layers in the organization, thus, hindering communication and resulting in slower execution.

- <u>Too Much Talk</u>: Plans are heavy on talk, but light on action. In a political corporate culture, image management becomes more important than actions.
- <u>Authority/Responsibility Mismatch</u>: There can be no proper responsibility without proper authority. For a manager to be responsible the performance of his team, s/he should have the authority to hire and fire without political interference from other departments. There should be a clear distinction between project ownership vs. project support functions
- <u>No Management Feedback</u>: There is limited or no leadership performance feedback.
- <u>Personal Agendas</u>: Recruitments, selections and promotions are based on internal political agenda, for example hiring friends to guarantee personal loyalty at the expense of highly performing and more-qualified employees.
- <u>Political Compensation</u>: Stock options, bonuses and perks are not fairly linked to performance.
- <u>Inefficient Use of Resources</u>: Budgets are allocated between business units or departments based on favoritism and power centers rather than actual business needs.
- <u>Empire-building Practices</u>: Managers believe that the more people they manage and the bigger the budget, the higher the chances that they will be promoted. This results in raging battles around budgets, strategies and operations.
- <u>Unequal Workload Distribution</u>: You'll find some departments are underutilized while other departments are overloaded.
- <u>Lack of Collaboration</u>: Every person for himself/herself. Low sense of unity or camaraderie on the team. The key criterion for decision-making is "*what is in it for me" or (WIIFM)?*
- <u>Low Productivity</u>: Management wastes more time and energy on internal attack and defense strategies instead of executing the work, innovating and overcoming challenges. Critical projects fall behind on deadlines, budgets and performance targets (e.g. sales, market share, quality and other operational targets).
- <u>Constant Crisis Mode</u>: Management team spends most of their time on fire-fighting instead of proactive planning for next-generation products and services.
- <u>Backstabbing</u>: Backbiting among the executives and managers becomes common and public.
- <u>Highly Stressful Workplace</u>: Employees are stressed and unhappy. There is a high rate of absenteeism and a high employee turnover rate.
- <u>Morale Deterioration:</u> Muted level of commitment and enthusiasm by other teams. Even successful results cannot be shared and celebrated due to animosity and internal negative competition.

5. Dysfunctional Politics and Performance Risks

- When employees feel discriminated against, abused or unappreciated, they may resort to one or more of the following harmful options:
  - Defecting to competition
  - Resort to sabotaging the company, e.g., by sharing confidential information with competitors or the media
  - Employees may become emotionally distant and have no interest in the success of the company
  - They will display passive-aggressive behaviors, become uncooperative, work less or produce substandard results
- Key talent will leave the company. Good honest workers generally focus on performance and don't have the skills or disposition for functioning in a highly political or hostile environment.
- Company develops a reputation for being an unpleasant place to work at, making it more difficult to recruit good talent to compete effectively.

- Employees will lose faith and motivation and their productivity suffers. When the leadership comes up with new good initiatives, they are met with skepticism and resistance

The Bottom line: Business performance will suffer.

The worst thing that could happen to a company is when the staff loses confidence in the leadership team.

The 2 critical questions every leader must ask:

- How many of the above-listed symptoms are present in our organization, department or teams?
- How best to manage workplace politics and improve team performance?

6. Treatment Challenges

Why is it so difficult to treat dysfunctional teams and organizations?

- Many times the leadership team is part of the political game.
- There is strong conflicting views or conflict of interests.
- New leaders are not able to assess who is right or wrong because of lack of information or misinformation due to the information silos, negative political communications.
- Changing the culture requires incentives system re-engineering, which may be faced with strong resistance.
- It takes substantial time and effort to heal the wounds, to reestablish broken communications and rebuild trust and collaboration.

7. Best Practices for Curing Dysfunctional Workplace Politics:

Realistically, it is not possible to have a politics-free organization. The desire for power and control is part of human nature, business, and the world. Seeking power and politics in any company is neither inherently good nor bad. However, successful leaders know how to leverage politics by setting performance-oriented instead of resources-oriented goals and rewards.

Successful leaders set fair rules for the political game, reward collaborative performance and penalize animosity and negative behavior. To cure the organization from bad politics, the board of directors, investors and the C-level executives can choose from the following list of recommendations:

- The CEO must recognize the criticality of the political problem and its impact on the business performance. S/he must commit to change and be its leading champion.
- Management should not be based on democratic nor dictatorial leadership styles. It should be based on meritocratic business style. The roles, responsibilities and authorities should be clearly defined. The expert manager will collaborate and communicate with other managers, other points of views and disagreements are accepted, but the responsible manager has the final decision and ownership of the project or department. Once a decision is taken by a manager, the other managers should not be allowed to sabotage or push for a different agendas.
- The CEO can use independent, experienced and trained advisors and facilitators to support major plans and change program (outsiders who have no internal agendas or biases).

- The CEO must use adequate scorecards and open employee-feedback surveys to assess the health and performance of the management team, and to identify performance roadblocks. The surveys must be anonymous and conducted by independent consultants on a bi-quarterly basis.
- For valid differences of opinions, consider mediation and arbitration. If that does not work, replace difficult and uncooperative managers.
- If the existing management team does not demonstrate a true change of heart and policy, then a new powerful leadership must be brought in.
- If a new leadership is brought in, s/he must be backed by the full support of the board of directors. The new leaders must be given the power to make decisions, hire, fire and end bad politics.
- The leader must gather the team together and be honest and direct about bad political behaviors and should be willing to back threats with actions. It is important to have the legal counsel be present and announce that those who continue in their negative behavior will be out the door.
- To quote Gandhi: "Be the change you want to see." The most powerful leaders are almost always the role models for the change they seek. If the CEO practices bad politics, no amount of training or coaching will change the management team.
- The CEO should not tolerate bad behavior. The CEO must realize that both bad and good behaviors are contagious. Sociological research shows that people will imitate the behavior that appears to be socially acceptable, even if it is not their normal behavior. If you allow some people to get away with bad political behaviors, other people will follow.
- Focus on building a culture of collaboration as part of the management strategy. The process of building a healthy organization starts by creating cohesive teams at all levels (top, middle and line managers). Leverage executive-coaching programs and action-learning teams to solve problems and develop strategies. Learning together, helps management teams to work better together.
- Conduct company-wide team building workshops, educate teams on professional ethics and train them on people skills, communication, negotiation and conflict resolution.
- Once a strategy is agreed upon, design a performance system to motivate and control - include both incentives and penalties. The new system must be aligned with objectives and designed to reward collaboration and penalize silos.
- Communicate, educate and the organization on strategy, direction and new performance targets.
- Use collaboration tools (Information and communication technologies) between geographically dispersed business units and teams.

About the Author

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