The Anomalies in the Enterprise Organization – the Overlooked Innovative Cases of Successes: An Introductory Study

Flávio Bressan*

* Business Administration Department, School of Economics, Business Administration, and Accounting, Pontifical Catholic University of Campinas, Campinas – São Paulo, Brazil

Email: bremat@terra.com.br, flavio.bressan@puc-campinas.edu.br

Abstract

An organization, along its existence, may produce anomalies – the processes or products that in spite of not being aligned with the policies, rules or routines of the organization, may generate results over and above any expectation. The organization then rewards the people and the teams involved in achieving the results and then the anomalous results simply fall into oblivion. What makes some enterprises implement and standardize such practices as their best practices, and others miss this opportunity? This paper analyses the main outcomes from a survey made on executives working in national and multinational Brazilian technology companies to find out the most likely causes for these kinds of anomalies, and to point out some actions that prevent them to repeat themselves in the organizations.

Keywords: organizational anomalies; overlooked cases of success; organizational best practices.

1 Introduction

Usually, all companies talk about innovation, and the importance of 'doing' innovation, and say that they want to be innovative (Brazeal, Schenkel & Azriel, 2008; Ahmed, 1998). But, in spite of saying they want to be innovative, actually most of organizations seem to be 'genetically' programmed to be conservative and to preserve the status quo, and do not develop adequate conditions to accept new radical ideas and processes (Stringer, 2000).

Organizations usually are good at making close-in changes to existing technologies, processes or products and have the ability to do things better (Scott & Bruce, 1994). Most of them do not have the right culture, policies and practices to challenge the same old way of thinking and doing business. They also do not develop adequate condition to accept and carryout innovative and radical ideas. They do not foster innovation (Baucus, et al.;. 2008; Brown, 2010; Oke, 2004).

People, in facing problems, challenges or demands for which organization do not have adequate responses, by looking for innovative ways of doing things, by having knowledge of what needs to be done and knowing how to translate this into specific organizational actions (Ahmed, 1998: 45), develop their own solutions and manage to get the desired results.

They do this because people have a natural drive to be innovative and active. Every human being has the need to be creative. They also want to see their ideas, desires and dreams "come through" (Drucker, 2007). In doing so, people achieve better practices, processes, and results that are not usual in the organization.

People in action generate anomalies. Anomalies are innovative solutions, practices, processes, and results that are not aligned and in conformity with norms, and routines, and policies, and practices of the organization. By analyzing these results, one may ask:

- If it is true that organizations search for innovations and if organizational anomalies have generated and brought up innovative solutions, why do they not search for and do not invest in their own anomalies?

- Why after rewarding people and teams involved in achieving this kind of results, these anomalies are put aside and into oblivion?
- What makes some enterprises attempt to repeat this practices and processes, –diamonds – which in many cases may generate great results and transform these best practices into common daily practices?

2 The Design of Norms and Traditions in an Enterprise

Most organizations are born small and begin with a small number of people; people who have a strong drive for success. Usually they build an informal team and in this team there is no motivation problem, no communication problem, and no initiative problem (Islam et al, 2011).

In their early days (Lievegoed, 1994), enterprises depended upon entrepreneurs and being successful, it grew and aggregated people. As enterprises grow, it becomes increasingly mandatory and necessary to delegate authority, and encourage man and women to exercise their self drive and their initiative and bring about new and innovative solutions to emerging problems. They depend on people skills, knowledge, experience, and creativity to develop and implement norms and processes that would lead them to success.

When people have an idea, they will discuss it with their colleagues or partners and easily experiment it and analyses the results. In doing so, people were recognized and rewarded for their contribution to the success of the company which was receptive and valorized creativity, and experimentation as the way to develop, processes, and norms.

Along the organization's growth and life, these practices, processes, and norms become values, beliefs, policies, norms and practices, actually becoming the "company's way of being" or the usual manner to do things within the organization.

3 The Effect of Success

The success is a pleasurable thing and people tend to repeat whatever ends up in a positive result. As time goes by, these company's ways of doing things end up crystallizing relationship models, norms, processes and routines which become habits performing the function of preserving the initial conditions of the enterprise (Ranft; O'Neil, 2001).

These ways of doing things become values, beliefs, policies and management and business practices, necessary to maintain the unity of the enterprise, thus driving the choices and decisions to be made (Handy, 1994).

They become the organizational culture, understand as a pattern of shared basic assumptions that organizations learned by solving their problems of external adaptation and internal integration as the correct way to perceive, think, and feel in relation to those problems, that has worked well enough to be considered valid (Schein, 1997) at its three levels:

- Artifacts and creations – its constructed physical and social environment, the physical space, the technological output, the written a spoken language, the artistic production and the overt behavior of its members. They are the visible elements in the organizational culture. To understand organizational artifacts one can look at the espoused values in the organizational culture.
- Espoused values – reflecting the original entrepreneur's values and his sense of what "ought" to be, as distinct form what is, referring to the convictions about reality and the way to deal with it and the proposition of solutions to problems. The organizational values should be supported by some shared assumptions about e.g. how a company should be managed or how business should be run.

- Finally, the basic suppositions that reflect the shared values within organizational culture. They define the preferred solutions among the alternatives which are accepted without questioning. Core assumptions can e.g. be assumptions regarding the human nature, human relationships etc.

This reinforces the conditions for success and the success reinforces these conditions (BOEKER, 1988). The greater the success, the stronger will be the power of the organizational system. The valorized behavior comes to be the conforming behavior and the success becomes an indicator of the organization's power.

In other words, the organizational system creates the *modus operandi* of the organization that defines the right model as a response to the organization's need to adapt itself to face environment and internal changes.

This right model defines the organization's objectives and manages the resources and efforts to achieve the results. It also establishes the organization's integration, as defined by the control system, and procedures to for the inhibition and treatment of deviations and anomalies. The coordination between the parts will avoid serious disturbances and by the latent motivation and determine the rewarding and the patterns (Burrell; Morgan, 1994).

4 The Trap of Organizational Success

Success may produce some traps like an excessive confidence in organizational culture that may make the company and their directors neglect the environmental changes and keep on applying the same formulas responsible for success of the past and may act as a powerful stabilizer influence.

On the other hand, as an organization grows, organizational boundaries emerge. Organizational hierarchy becomes more important than ever. Organization gradually may be programmed to be conservative and to preserve the status quo. The informal give-and taken communication can evolve into a more formal, more distant, structured, and more cautious process. Perform according rules and procedures become more and more important. There is a temptation to design against the error Instead of designing for success.

In this kind organization, in spite of saying they want to be innovative, people became aware that risk taking, and innovative behaviors are not welcoming, and it is more and more important to became one member of the gang (Horibe, 2003. p. 21).

It become important to act in accordance with exiting system because being innovative and risk taking may cause shifts in crystallized policies, processes and practices and bureaucratic structures and these shifts may threaten the status quo and upset the hierarchy and social system that have contribute to the companies' past success.

This may be quite inadequate for solving new problems and may lead to bureaucratic structures that discourage bringing about new and innovative solutions to organizational problems, environmental challenges and marketing demands

5 The Failure of Success

In changing environments the same way that makes an organization grow may also generate drives that will lead an organization to fail. For instance, an excessive adherence to the traditions and norms, a short sighted vision (Konger; Kanungo, 1991) and a conservative posture to protect themselves from outside counseling (Macoby, 2000).

Another consequence, especially in the case of a poor performance and poor results, may bring about an inertial position caused by a blurred perception and consequent reaction to the changes of the environment. Another reason may be a regression to old patterns of conduct or a steadfast unsuitable course of action.

In such cases, managers may not pay enough attention to the initiatives inside the organization and prefer the security of early success instead of taking a new course of action. In doing so, they can make the organization be more and more conservative (Jones; Butler, 1992).

All of this may bring up conditions for the emergence of anomalies or innovative solutions that are not aligned with the company way of thinking and doing business, that may occur without management's permission or knowledge and constitute the people's responses to the emerging business environment problems or to the need of adaptation. (Dutton, 1993; Lievegoed, 1994)

6 Identification and Occurrence of Opportunities and the Generation of Anomalies

A drive to be creative and active at different levels exists in all people. Every human being has the need to create, to attain his ideas, desires and dreams that can be noticed by looking at children's behavior when they are playing a game. (Gryskiewicz, 2000: 46-51).

As the organization becomes successful in fulfilling its mission, it grows. In doing so, it becomes more complex, while the information exchange becomes a more formal and complex process that may cause people to be more distant and more reserved.

As limitations are created, there will be an attempt to plan to avoid errors and consequently fail to focus on success. In this case, people may be valorized for their conformity with the organizational norms, values and traditions and not for trying to innovate. Values, norms, and practices may be perceived as limitations or impairments to people's behavior within the organization.

But people still remain creative and have a need to be creative (Hian, 1998). This, in conjunction with a low level of management control or a low response pattern, may create the conditions for people to try new behaviors and be successful.

These successful attempts constitute the organization's anomalies: the solutions, innovations in processes or products that, in spite of not being aligned with the norms, traditions and routines of the organization, will bring up new and innovative ways to face the changing and challenging environment.

So, the question that may arise is: "Why do the organizations, in spite of recognizing the processes, those which in many cases may generate great results, do not attempt to repeat them and make these best practices become common practices?"

7 The Survey on Executives

The method adopted was the critical incident (Flanagan, 1954:327-327 and Godoy, 1989:89), using the individual deep interview technique. The main objective was to identify possible causes the let to know why anomalies, after be rewarded, are overlooked by the most of companies.

Eight executives of enterprises working with chemicals, spare parts, and electronic components were interviewed.

The interviews were carried out by following a basic layout previously presented to the managers. This layout was developed to help the managers in determining his or her anomalous experience, to think about it, to identify the adopted procedures and to avoid improvised reports about insights, and to think what happen after getting anomalous results.

During the interviews, after explaining the anomaly concept, the executives were told to describe their own anomalous cases and how they handled these described anomalies. They were also asked why the organization do did not analyze such kind of experience to determine what really occurs and why the organization did not valorize these anomalies in spite of their good results. They are also asked to explain what organizations may do and what measures they may adopt to avoid the loss of opportunities the anomalous experience brought about to them.

8 Results of the Survey: Effects of Isolated Successes in the Life of the Organization

The reported managers' anomalous experiences refer to the opportunities of achieving qualitative or quantitative jumps in business results. The achieved results have exceed the usual business unit standards in terms of productivity, profitability cost, reduction of time and process losses, as well as re-inventions decreasing business, as confirmed by the company's data or evaluation.

The chosen theme and the interview caused a positive impact on the interviewed executives. Most of them have stated that their anomalous experience were a pleasurable experience. At the end of interview, many report that describing their anomalies gave them the opportunity of disclosing their associated feelings and emotions and led them to have a right level of commitment to describe and analyze their experiences.

The main objective of the survey was to understand why organizations do not pay attention to the anomalies. Also, why they do not analyze the anomalies in order to determine the major factors of success and finally, why they do not transform the best practices in daily practices.

The analysis of the interviews indicates that:

- Anomalies are quite common inside organizations
- In spite of having Quality Programs, Problems Solving Programs or Improvement Programs; usually the company is not interested in discovering the reasons for the success and the factors that responsible for them
- The search for improvement in the efficiency of their business process, in many cases, is more a talk than a practice in the organization. Usually the organization rewards behaviors and performances that comply to the norms and the established routines.
- Norms and practices become rigid limitations to people's behavior and performance tending to materialize in policies, like performance ratings, that emphasize the achievements of accorded and recorded results. In many cases, if one tries something new and fails, one will have a bad rating
- The anomalous results may generate feelings like enviousness and jealousy or insecurity or may be perceived as a threat by others, especially in the case of managers.
- The traditional atmosphere existing inside an organization, represented by the traditional management processes, do not privilege new ways of doing things. In these cases, in spite of any anomalous results, people are recognized and rewarded and the anomalies are forgotten.
- Maintenance of the managerial comfort zone, which is consistent with norms and traditions in use.
- Some kind of manager's arrogance or fear of loss of power or prestige inside the organization. As the results are achieved without formal managerial support, recognizing these results may indicate that the group does not need any managerial support to be successful. This may make managers feel that his or her role is dispensable.

9 Measures that may be adopted to avoid the loss of Opportunities

By the analyzing the interview data, as suggested by the executives themselves, the main things to avoid the loss of opportunities are:

- Establishing a managerial process that enhances values, develops fearlessness, and empower people. This management process will instill and maintain a process of open, overt communication and will enhance people's development. It will explicit the appropriate recognition of people for his or her effort to change, innovate, and excel.
- Adopting practices that foster the initiative and the risk taken having definite objectives
- Implementing an organizational atmosphere that valorizes the organizational success.

- Looking for and hiring people with a strong drive to take risks with definite objectives and to be innovative.
- Making people think and taking actions to meet the organization's objectives and not only considering the functional areas or the behavior conforming to the established patterns
- Stimulating people to challenge the traditional methods of doing the work, and stimulating them to search for innovative ways of doing things.
- Enabling and fostering people to look for and identify opportunities for change, and innovate.
- Letting people feel comfortable in taking the risk with definite objectives.
- Encouraging new ideas and experimentation by searching for suggestions from evolved people.
- Trying new and disruptive ideas for improvements in products, processes and technologies.
- Being intentional and deliberate about looking for innovation practices and behaviors inside organization.
- Creating and instilling a culture and an organizational environment where people want to work and feel free to be creative and to try things in the effort to produce meaningful innovations in processes and products.
- Adopting an action profile that fosters and valorizes the capability to transcend her or his capability in the search for common results and well fare.
- Giving people time and resources to experience new ways to do the job in order to help them to satisfy their need for self updating.
- Analyzing carefully any anomaly to determine what processes and practices – best practices - are responsible for the success and share them with the whole organization and making these practices become daily practices.
- Offering favourable conditions to people's actions and innovations by creating challenges to the people and delegating authority.
- Offering resources, information and time, even sponsorship and creating a system for recognizing and rewarding people in order to valorize those who take the risk and act to innovate.
- Acting as role models themselves and leading by example, championing other success models- people, organizations, and processes that deliver outstanding results

In doing this, the organization will create conditions for innovative experiences. People, including management, will be open to take risks and learn from the results and processes generating opportunities for development and growth for all in the organization.

10 Conclusion

This paper had as its main objective studying the reasons why anomalies or overlooked successes, in spite of having results well above the expected ones, are not analyzed for establishing norms, processes and innovative practices.

As the data of the survey shows, the factors related to a low anomaly valorization in an organization are those related to tradition, norms, policies and practices, as well as a management system, making up the company's way doing things, that is, its *modus operandi*. These factors are also related to the maintenance of a managerial comfort zone, involving feelings like enviousness and jealously, or insecurity, or threat, the traditional atmosphere existing inside an organization, the manager's arrogance or fear of loss of power or prestige inside the organization. All these factors are related to the maintenance of the managerial comfort zone.

To have people applying their creativity, knowledge and skill in the generation of the unusual solutions to new problems and opportunities, but rather go beyond any expected results, it is necessary for the organization to innovate.

It is also necessary to implement a management process that creates a challenge, a valorization of initiative, creativity and innovation, adopting practices that foster the initiative and the risk taking action having definite objectives and creating an atmosphere that leads people to focus on the whole

organization instead of the departmental or individual objectives, sharing information and applying a reward and recognizing processes that valorise people who have the courage to change, grow., innovate and excel.

References

Baucus, M. S; Norton, W. I. Baucus, D. A. & Human, S. E. (2008) Fostering Creativity and Innovation without Encouraging Unethical Behavior. *Journal of Business Ethics*, 81(1), 97-115

Boeker, W. (1988) Strategic change: the effects of founding and his story. *Academy Management Journal*, 34, 591-612.

Brazeal, D.V , Schenkel, M.T._e Azriel, J A,. (2008) Awakening the Entrepreneurial Spirit New England Journal of Entrepreneurship. 11(1)9-26

Brown, Bruce. (2010) Why innovation matters. *Research Technology Management*, 56(6)18-23.

Burrel G. & Morgan, G. (1994) *Sociological paradigms and organizational analysis*. USA: Arena

Church, Allan H (1995). - Managerial Behaviors and Work Group Climate as Predictors of Employee Outcomes. *Human Resources Development Quarterly*, Jossey-Bass Pub. vol 6, nº 2, Summer: 173-205

Drucker, P. F. 2007. *People and performance: the best of Drucker on management*. USA, Harvard Business School, 317 p.

Dutton, J. (1993) Interpretations on automatic: a different view of strategic issues diagnosis. *The Journal of Management Studies*. 30:339-357, apud RANFT, A. I. e O'Neil, H. M. Board compositions and high-flying founders: hints of trouble to come. *Academy of Management Executive*, 2001, vol. 15. n. 1

Gryskiewicz, S. S. (2000) Creating positive turbulence. *Association Management*, January 46-51

Handy, C. (1994) *Os deuses da administração: como enfrentar as constantes mudanças da cultura empresarial*. SP: SENAC - Saraiva,

Hiam, A. (1998) Obstacles to creativity. *The Futurist*, October, 30-34

Islam, Md Aminul; Khan, Mohammad Aktaruzzaman; OBAIDULLAH, Abu Zafar Muhammad; ALAM, M Syed. (2011) Effect of Entrepreneur and Firm Characteristics on the Business Success of Small and Medium Enterprises (SMEs) in Bangladesh International Journal of Business and Management. 6(3) 289-299.

Jones, G. R. e Butler, J. (1992) Managing internal corporate entrepreneurship. *Journal of Management*, 18: 733-742.

Konger J. A. e Kanungo, R. N (1991) *Charismatic leadership in organizations*. London: Sage.

Kouzes, M. J. e Posner, B. M. (1990) *The leadership challenge: how to get extraordinary things done in organizations*, Jossey-Bass, San Francisco, CA,

Lawler III, (1991) Edward E. *High-Involvement Management: Participative Strategies for Improving Organizational Performance*, Jossey-Bass Pub..

Lievegoed, B. (1994) The developing organization. In BENNIS, W. et. al. *Beyond leadership: balancing economics, ethics and ecology*. UK: Blackwell pub.

Macoby, M. (2000) Narcissistic leaders. *Harvard Business Review*, Jan. Feb. 68-78

Markides, Constantinos C; Anderson Jamie. (2006) Creativity is not enough ICT-enabled strategic innovation. *European Journal of Innovation Management*. 9(2) 129-148, 20 pgs

Marrow, A. ed. (1972) The failure of success. USA: AMACOM. 339 p.

Michalco, M. (1991) *Thinkertoys: a handbook of business creativity*, USA: Tem Speed Press., 336p.

Oke, Adegoke. (2004) Barriers to innovation management in services companies. *Journal of Change Management*. London: Vol. 4. Iss. 1; pg 31

Packard, David. (1995) *The HP way*. RJ: Campus,

Ranft, A. I. e O'Neil, H. M. (2001) Board compositions and high-flying founders: hints of trouble to come. *Academy of Management Executive*, vol. 15. n. 1.

Schein, Edgar H. (1997). *Organizational culture and leadership*. San Francisco, Jossey-Bass.

Scott, S G.; BRUCE, Reginald A. (1994) Determinants of innovative behavior: A path model of individual innovation in the workplace. *Academy of Management Journal* 37(3) 580

Stringer, R. (2000) How to manage radical innovation. California Management Review 42(4) 70-88

Sweetman, K. (2001) Management mistakes squelch employee innovation. MIT *Sloan Management Review*. Summer 2001.

Van de Ven, A, H. (1993) The process of organizational innovation. In HUBER, G e GLICK, W. (ed) *Redesign*. NY: Oxford University