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Embracing Commitment and Performance: CEOs and Practices Used to Manage Paradox

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Abstract

We tend to assume that great leaders must make difficult choices between two or more conflicting outcomes. In an interview study with 26 CEOs of top American and European companies (incl. IKEA, Campbell Soups, Nokia, H&M), we find that instead of choosing between conflicting outcomes such as long-term strategy or short-term performance drivers, top tier managers argue that their role is to embrace such paradoxes to make both things happen simultaneously. The study identifies five groups of practices that make this possible. Together, they reveal a systematic approach to managerial work at the top, which is seldom found in the literature. By building on the engagement of many in the development of the organization, the practices are important for our understanding of how a CEO facilitates the partaking of many in strategy making. The paper contributes to theory by relating the current findings to the literature on the connection between commitment and performance and on the strategic management literature that focuses on the proliferation of strategy and strategy as practice.

Introduction

In is intuitively attractive to think that if a CEO is able to engage people in the development of the organization he/she leads, there is a greater likelihood that a strategic change initiative will reach its full potential. Indeed, research has shown that a high level of engagement from employees is positively correlated with financial performance (Benkhoff, 1997; Collins, 2001; Collins & Porras, 1998; Ingelgård & Norrgren, 2001). If we believe that a focus on commitment and performance must be embraced simultaneously for sustained success, then the proliferation of strategic practices in the organization is pivotal to the creation of competitive advantage. The literature in the area only scarcely describes how this is done, however. The issue is also puzzling to managers. One of the CEOs interviewed for this study said:

> "So the question is then why doesn't it happen? If everyone is for it, then why doesn't it happen? And the truth is that figuring out the mechanics of the system of activities that need to go in place /…/ is actually a bit tricky. I mean, it actually takes some creativity to invent those processes."

The question for this paper is therefore how CEOs establish strategic practices around their visions and intents, and how such practices make it possible to both create high commitment and high performance. Hence, the topic is not the creation of high commitment per se, but the kind of commitment that is useful for the implementation of strategy and sustainable performance.

Several authors have argued for studying strategy on the micro-level to understand what happens in the "practice of strategy" (Jarzabkowski, Balogun, & Seidl, 2007; Johnson & Huff, 1998; Johnson, Melin, & Whittington, 2005). Although authors have rightly pointed to the strategic impact of other people in organizations (e.g. Balogun & Johnson, 2004; Paroutis & Pettigrew, 2007; Regnér, 2003), the CEO remains a key person in making it possible for other organizational members to strategize. Studies of CEOs and top management are scarce in terms of how they act and what set of practices they believe will help shaping the organization and get strategy executed – most research on executive work tend to be descriptive or deal with how individual leaders deal with discrete activities (Mikaelsson, 2004). Our focus is not just on any strategic practice, but sets of practices that are aimed to leverage commitment for sustainable success and to improve how the whole organizational system works. This differentiates the contribution to other literature on top management strategic leadership that is highly focused on principles, values and attitudes (e.g. Hart & Banbury, 1994; Hart & Quinn, 1993; Quinn, 2004).

The research team sought out major companies in North America and Europe that had a history of sustainable above average financial performance, and where there were indications of the companies being high commitment organizations. The paper is based on in-depth interviews with 26 CEOs of such companies. The CEOs were asked about activities or practices that they try to use to create commitment and performance.

The results from the interviews are a large set of espoused level descriptions of practices to implement strategy and to create strategic change. The practices of the CEOs of these selected companies reveal a different approach to management than was expected at the outset. The CEOs did not (as one might have expected) discuss major choices that needed to be made or the dilemmas that they were facing. Instead of speaking in terms of "either-or", they spoke consciously of their ability and understanding of how to do "both-and". They argued that seemingly conflicting outcomes cannot be made the subject of choice, nor can they be balanced. Instead, it is the role of the CEO to *embrace the paradoxes* and meet both ends at the same time. This is signifying for the leadership that they (at least on an espoused level) try to exercise. The research team found five groups of interrelated managerial practices that characterize this kind of strategic management. The practices engage employees emotionally and rationally and facilitate strategic change, rather than implement it top-down.

The paper begins with a short literature review to define where the paper aims at contributing to the literature. It then moves on to describe the study and the selection of the organizations that were included. Under Five Practices to Embrace Paradox, the findings from the study are described. The findings are further analyzed in the Discussion section, where also implications for theory and practice are described.

Literature review

The connection between commitment and performance has engaged researchers for a long time. Much focus has been put on the relation between job commitment and task performance, which is not the primary focus for this paper. Depending on the definitions of commitment and performance, researchers have come to different results (Somers & Birnbaum, 1998). Benkhoff (1997) studied the impact on organizational performance in terms of met sales targets and profit change. She found that employee commitment was positively correlated with the financial success of divisions (in her sample bank branches). Assuming that Benkhoff's observations are correct, it is of central interest to understand how such commitment is created. The literature in this area looks at commitment as already existing and notes the statistical connection between commitment and performance. This paper aims to look at how top executives think about the connections in such a model – what is the relation between high commitment and high performance, and what does a CEO do to manage both? In addition, a contribution of this paper that is complementary to Benkhoff's findings is that where she looks at commitment in general, this paper is focused on commitment that facilitates strategic action and on practices that are designed to influence at systems levels rather than in discrete specific issues. Hence, a kind of commitment that works conserving is not relevant here.

The strategy as practice turn in strategic management research grew out of an unease with the dominating macro-level paradigm that reduced "strategy to a few causally related variables in which there is little evidence of human action" (Jarzabkowski et al., 2007, p.6). The researchers in the field aim to bring back agency into strategy action and look at strategy as something that people do, rather than something that an organization has (Johnson et al., 2005). Researchers hope to be able to bring people back into strategy research and study what actually happens when people strategize.

Much energy has been put on the conceptual analysis of what a strategy-as-practice perspective actually would mean in terms of theory advancement (Jarzabkowski, 2005; Jarzabkowski & Fenton, 2006; Johnson et al., 1998; Johnson et al., 2005; Whittington, 2003).

Empirical work has been done regarding the role of for example middle managers (Balogun et al., 2004), of strategy workshops (Hodgkinson, Whittington, Johnson, & Schwarz, 2006; Whittington, Molloy, Mayer, & Smith, 2006), of symbolic strategic artifacts in communicating strategy (Whittington et al., 2006) and of strategy groups (Paroutis et al., 2007) in creating strategy (see Jarzabkowski et al., 2007 for a more extensive review). When the focus is put on how people strategize the traditional duality between plan and implementation becomes less relevant. Strategy making and change is instead distributed in time, place and on many levels inside as well as outside the organizations, but is a process which is facilitated by management (Colville & Murphy, 2006; Pye & Pettigrew, 2006). What research has not defined is *how* management facilitates the process where people become engaged in strategic work and its implementation. In addition, how are the actions developed for building high commitment and high performance explained by those ultimately in charge of strategy?

This perspective that top management facilitates strategizing by involving multiple stakeholders in the organization, supplements the literature on strategic change. This line of literature points out the need to combine top management leadership and broad engagement and commitment from people on all levels in the implementation of strategy to create effective change (Beer & Eisenstat, 2000; Beer, Eisenstat, & Spector, 1990; Beer, Voelpel, Leibold, & Tekie, 2005; Norrgren & Schaller, 1999). There seems to be few studies that show how top executives actually do this, however. The advantage of top management engaging multiple levels in the organization in a dialogue around strategic action is both that a joint ownership of ideas is created, and that top management starts to learn from the organization that it leads.

Hart and Quinn and colleagues (Hart et al., 1994; Hart et al., 1993; Quinn, 2004) point out that leaders deal with competing values, attitudes and roles. Leaders that have a broader repertoire in handling these values and attitudes (and therefore demonstrate a high level of behavioral complexity) tend to produce better financial performance (Hart et al., 1993). The authors focus on competing values that the leader is able to reconcile. A major difference between this study and their work is that this study focuses not so much on values, attitudes or roles, but on the behavioral intentions of the CEOs to create strategic change and sustainable performance.

The perspective of Hart and Quinn is parallel to this study regarding the observation that top executives need to find ways to deal with opposite goals. They share this notion with the literature on ambidexterity – the ability to combine exploration and exploitation (Birkinshaw & Gibson, 2004; Tushman & O'Reilly, 1996). The common argument is that exploration and exploitation need to be separated in either time or space. The balance between the two logics should be dealt with at the top of an organization. While the argument is clear, only limited empirical studies exist however on how top executives should manage the integration and balancing of exploration and exploitation (Kohn, 2005). Clegg, da Cunha and Cunha (2002) review the literature on managerial paradoxes and find that “the two opposite poles of a paradox may be present simultaneously, beyond the will or power of management. Little can be done other than to acknowledge their presence” (p. 484). Instead, the manager must find his or her place on the continuum between the two opposites. The authors argue that paradoxes are part of the everyday practice of management and that there is value to having such paradoxes. Beech and colleagues (Beech, Burns, de Caestecker, MacIntosh, & MacLean, 2004) argue that the most reasonable way to handle managerial paradoxes is to simply act to transform, rather than remove the paradox.

The review of the literature defines a need to understand practices that potentially handles multiple perspectives to produce better strategic action. More narrowly, there is a need to (a) understand strategizing on a practice level, and (b) how such practices make it possible to embrace paradox.

Study and Research approach

The research set out to understand how top managers work strategically to create organisations that are both high commitment environments, and high performers in financial terms. The organisations had to meet both criteria to be in the sample. The first step was to find organizations to include in the study.

Identifying high performance companies

The compounded annual growth rate (CAGR) of listed stock was used to identify high performers. The companies in question had to show above average CAGR for each of the years of the CEO tenure. This was an important choice, because it means that the companies that were selected should be sustainably successful. In the case of private organisations, other indicators of growth and financial performance were used (for example in the case of IKEA, the staff has increased from 45000 to 110000 in eight years, and an internal statement by the owner and Ingvar Kamprad indicated that the profit rate of over 15% had been kept during the transition). In a few instances, we included turn around cases where the financial performance had improved vastly during the CEO tenure but was not above average for the whole period.

Identifying high commitment companies

For high commitment, there is no general corresponding measurement to CAGR. To find candidate organizations, the research team had to find alternative ways to find trustworthy indications of the organizations being characterized by high commitment. We searched through the following channels:

- Executive search firms (two interviews) – respondents were asked for companies to which people applied for their good work environment, their reputation for empowerment, or internal principles for involvement
- First hand knowledge of the organizations from long term consulting relationships
- Different rankings such as the "Best Company to Work For"-list in Europe and North America
- Earlier research, conveyed through academic papers and reports
- Teaching cases
- Network of academic partners
- Network of industry partners
- Annual reports
- Business press reports

The companies that were included needed to show clear indications of being high commitment institutions. We cross-examined the organizations through the different channels. An organization needed to show indications of being a high commitment organization in at least three of the channels. For example, after receiving the suggestion from a French professor to include one specific French organization and thereby a certain CEO, annual reports from the tenure of that CEO were examined. Extensive searches in the business press were made to make qualitative judgments about how the CEO had spoken about his or her principles for leading the organization. The CEO needed to show aspirations that he or she wanted to lead a high commitment institution.

In some cases, the CEO that we sought had recently stepped down from the job after a long and successful tenure. In those cases, the new CEO had not been on the job long enough for us to be able to evaluate how he or she had performed.

The selected companies

The research team consisted of five researchers in North America and Europe. The study was of practical reasons restricted to companies with main offices on those two continents. The search for organizations to include led us to about 45 organizations that met our criteria. We were able to interview 26 of these organizations. They are listed in Table 1.

Insert Table 1 here

As can be seen from Table 1, the companies are spread out over a vast number of industries. The Royal Mail is the only public administration in the sample, and is the largest organization with just under 200 000 employees. Some organizations, like IKEA, are privately held. In several other occasions, a strong ownership group has exercised influence over the organization for a long time. There are 11 North American and 15 European companies in Table 1. Almost all of the organizations included are multinationals, however. Even the Royal Mail in the UK is a pan-European logistics provider. Many, especially those based in Europe, are more international than domestic. For example, only 15 000 of the 60 000 employees of Standard Chartered Bank work in the UK.

Method

Semi-structured interviews were held at the offices of the respective organizations and lasted between 55 minutes (Whitbread, Royal Mail, Pearson) and 4 hours (Becton Dickinson). The first interview was held in late November ’06 and the last in September of ’07. The average interview lasted just under two hours. A basic interview guide was created and used in all interviews. The intention with the interviews was to learn and understand the CEOs espoused *aspirations*, *motivation*, and the *practices* that he or she used to create action in the organization. The discussion departed from the journey of the CEO in his/her role – what had happened during the years? What had he/she done? The basic structure of the interviews is shown in Figure 1.

Insert Figure 1 here

The underlying ambition was to understand how high commitment and high performance are managed simultaneously. Research was done before each interview, and the interview guide was adjusted to the special conditions of each organization. The reason for this was to have some questions depart from existing projects or programs in the organizations, and thereby get down to a more practical level of reasoning (and hence not get stuck in abstract discussions of values and principles).

Development of focus for analysis

All interviews were recorded and transcribed. The material was then cross-coded by at least two members of the research team. The first round of analysis was done to identify key dilemmas that the CEOs had been facing, and to analyze how they had acted in the face of difficult choice, for example between focusing on core competences or renewing the organization. To the surprise of team members, this was not what the material showed. Instead of speaking in terms of balancing interests, or making sacrifices, the CEOs typically spoke about choice as a non-existing option. “The task of the role is to be able to reach both outcomes and not choose”, said one CEO.

Out of earlier research conducted by Beer (forthcoming), high commitment, high performance companies are defined by their ability to simultaneously create performance alignment, psychological alignment and adaptability (see Figure 2).

Insert Figure 2 here

With the observation that the CEOs were neither trying to balance, nor choose between conflicting goals but reach both, the team focused the search on practices that made this possible. To guide the search, the material was analyzed with respect to practices that simultaneously create at least two of the three outcomes in Figure 2. The practices that were found (presented in the next section) were grouped to create an understanding for how the practices were applied. Resulting from this analysis are five groups of managerial practices. Almost all of the CEOs apply each practice group to a greater or lesser extent. The groups of practices were tested in a conference in June ’07, where six of the CEOs that had been interviewed participated and gave feedback on the research findings. They corroborated most of the findings, but contributed with more fine-grained understanding of some of the practices, which further developed the concepts presented here.

Five Practices to Embrace Paradox

This section first describes the management of paradox, which arguably is central to the management of companies that are able to both create high commitment and high performance. It then goes on to describes the five groups of managerial practices that were found in the material. The groups are:

1. Confronting Reality
2. Releasing Energy
3. Creating a Community of Purpose
4. Amplifying Leadership Impact
5. Shaping the Leadership Context

The CEOs talk about their strong beliefs and values and the importance of turning them into concrete practices consistent with their espoused theories for the organization. They understand that others will not perceive their espoused beliefs as credible and that they will lose trust unless their words are translated into concrete practices aligned with their espoused values and principles. In effect, they become very action oriented.

The System of Practices as a Way to Manage Paradox

Like all CEOs, the interviewees for this study are expected to deliver short-term results continuously – yet their goals are far loftier. These CEOs try to figure out what went wrong and figure out how you can do better in the context of their longer-term plans. It is striking from the study that the CEOs do not talk about the long-term plans and short-term results as a dilemma. You have to meet the short-term demands, but it needs to be part of a greater plan. By being able to be right in the short term, you create the space for working long term. And by having the long term agenda people becomes motivated to fulfill also short term needs. The long term/short term paradox is not the only occasion where the practices are ways to resolve, or embrace the paradox of choice that the CEOs face. Figure 3 was created as a result of the found practices. The dualities pictured in the figure become paradoxes when a decision needs to be made. But they do not become dilemmas. Instead of choosing, the CEOs employ practices that meet both ends of the arrows in Figure 3.

Insert Figure 3 here

These CEOs do not engage in one of these activities to receive only one outcome. Instead, the practices are a part of a nested system where they are highly interrelated. Therefore, the groups of practices are not discrete. Instead, for example the empowerment by being there and staying away has effect on resolving both the paradox of absent/staying away and the paradox of centralize/decentralize. Creating a community of purpose has an effect on both the paradox of international/national and diversity/cohesion. The core characteristic of the practices is that they can lead to two or more conflicting outcomes. Some examples:

- The CEO of a Swedish organization argues that they had to learn how to become both more international and more Swedish at the same time to succeed worldwide.

- There is a strong tendency to both find and define the core of what the organization is and what it should do, and at the same time work against an “insular culture” that “optimizes the organization’s internal life”; building strong identity and pride but also nurture openness to “brutal realism” to enact market demands.

- At an organization famous for its design, the CEO pushes the traditional expertise in aluminum treatment while at the same time protecting the new growing expertise in software development for new generations of product generation. A key ingredient is to have the new initiatives grow to be as strong as the old ones before integrating the parts to make sure that the traditional expertise does not kill the new initiatives.
- This leads into the need to both honor the organization's history and renew it. At another organization, also historically dependent on quality and design, the strong tradition of craftsmanship in production methods is replaced by "Toyotaism" but the CEO invents new activities to maintain the pride of workers.

1. Confronting Reality

To be able to confront reality, the interviewed CEOs retained a purposive perspective. They claim not to simply accept an assignment by the board of the organization to run the business. Instead, they CEOs in the study work extensively with their boards and with their owners in making clear how they intend to develop the organization strategically. This involves having very difficult discussions that may cost them their jobs. But as the participants at the June conference commented: The CEO needs to be the change that takes place, and in that case you have no choice - it is better to go down doing something honorable than staying under the wrong conditions.

Several of the CEOs in the study had laid out basic conditions for them taking the job. In one case, the CEO of a very traditional organization with strong unions and owners went to the representative of the owner to describe his plan and the non-negotiables he had for changing the organization. They involved firing 20 % of the staff up front, expanding internationally and giving all employees a share of profit, which was a very radical change in this organization. He said:

> "And if they don't like me, or they don't like the way it's been run, they can fire me. And you know, I never take payoffs, that's the other thing. /…/ So I always told everybody – don't have to worry, if you ever fire me, you don't have to give me any money. Just tell me you don't want me any more."

After taking the tough discussion with the owner, he knew that the union would call for a strike. To avoid that, he sent a paper mail to every family of the employees of the organization to ask for their support against the strike:

> "And so I communicated direct with everybody. I wrote regularly to everybody at their homes, not in the office buildings – and to their families, and said to them, this is a turning point. And you have to decide what you want to do. If you want to support this [strike], then you're going to kill the company. And in the end, you'll be the losers. Or if you want to support what we're proposing, then I promise I'll see you through it. And I wrote them letters in language they understand, it's not corporate speak, management speak. And I went out on the road and addressed big meetings of people. Got up in front of them and said, look, this is how it is."

In the case of another very large European organization, the CEO went into argument with investors that wanted him to state that the shareholder value was his only main goal. Another CEO said in the June conference:

> "You have to meet the short term demands, but it needs to be part of a greater plan. By being right in the short term, you create the space for working long term."

Another CEO, in an interview, said:

> "I think that there is a great advantage to having done this for a long time, because I was much more worried about how our quarterly earnings would be received 17 years ago. I have been a stock market CEO for 17 years. Now I know that if it is a good quarter, you get praised for that, and if it is a bad quarter, you get criticized. However, you have to be convinced that it is a bad quarter for the right reasons. And if you can convince yourself that it is a bad quarter because we have done investments that are sound and right, then I still sleep well at night. "

Several CEOs argues that they consciously seek out long-term investors when they make investor road-trips. They confronted external realities, internal organizational realities and their boards. This involved having very difficult discussions that may cost them their jobs. The CEOs we interviewed talked about courage to lay out visions that call for unorthodox practices, that they are also serious in translating espoused values into actions even if it means challenging strong traditional cultures, owners and investors. They argued that they tried to maintain courage in the face of doubts and opposition from within the organization and that they adhere to their values and practices even if challenged by outside stakeholders. The fact that they translate a set of strong beliefs and values into concrete practices consistent with their espoused theories for the organization, demonstrate their concern for being authentic and that people should trust that they stay on to fulfill their mission even in difficult times – people know they get what they hear.

CEOs with strong convictions can become victims of their strong views and turn into "Messiah" syndrome, unilaterally advocating their beliefs and stopping to take in other people's ideas or reactions. Not the CEOs we talked to. Despite long tenures in very powerful positions, it was notable that they were able to talk openly about their mistakes, erroneous decisions or poor judgment about situations or people. The capacity to see and admit being wrong vaccinates them from becoming heroic unfailing figures and lessens the risk that they become insulated and stop accepting negative feedback. Without the capacity to accept their own imperfection, they would be unable to build a sustainable institution.

2. Releasing Energy

No doubt, the CEOs of large organizations with a track record of long term financial success and are people with extraordinary cognitive capacity. However, CEOs we interviewed report having to work against a continuous effort from lower levels to "delegate upwards" - to push decisions up to them in order to establish real responsibility and accountability for performance at lower levels. The organization, these CEOs feel, is better served if more people are allowed and empowered to make decisions. This releases energy, the CEOs say, but it is a constant struggle to make this happen. "You would not believe" one CEO says, "the amount of energy that you unleash if you provide people with the right opportunities and trust".

The CEOs work actively to make managers and experts at lower levels in the organization take responsibility, thereby not strictly keeping to the hierarchy. Pushing down important decisions frees space for long-term strategic work in the top tiers – it makes it able for the CEOs to do what they are supposed to – to be the ones standing at the map and designing the map understanding the whole picture of what is going on inside and outside the organization. Pushing down decisions also stresses the need for people on lower levels to cooperate and thereby supports cohesion in the organization. A Swedish CEO for the second largest organization in the world in his industry is frustrated by the hard work he must put into making people on lower levels cooperate:

> ”More than that, what we struggle with, and what I am not at all pleased with, it is that I want the culture to be collegial and cooperative. That means that the most natural thing for someone in [local company 1] in Tucson Arizona, should be to call his colleague at [another local company 2], not to send up a lot of messages and complain “Why does [local company 2] do this?” Call him and ask instead! So one of my real key messages right now is this thing about collegiality. When the company group becomes so large, it is really important that we define each other as colleagues and work together. And that we create collegiality broadly, rather than keep pushing up issues high up in the hierarchy. /…/ [One key way to do this] is to articulate it properly. You actually say “I get really pissed off when I get things on my table that you could have solved three levels down. Why the hell do you keep sending these damned crap-issues to me?” I can use that kind of language now. So it is a way to create a pressure to say “Don’t delegate upwards, if you can solve issues yourself, do that. And I want you to do it”.

To be taken seriously about delegation the internal systems have to be aligned to support such practice. For example, they cannot be designed to control in advance, but rather to follow up decisions and effects of implementation. To this point, one legendary CEO of a major European organization comments on the Sarbanes-Oxley act:

> "All the controls are a problem. But I think we have been able to work very well with that. When I first heard about it and I looked at how it happened, I thought, well we'll just to have to leave the New York Stock Exchange and do our own thing. But it seems it's not that bad. You can still cope with it. As long as you don't – you have to do it in such a way that you don't mention the word control at all."

Many of the CEOs argue (without being asked) that they are not very control oriented, but very demanding and results driven. In line with this way of thinking, the CEOs are able to maintain sustainable performance by not overreacting to losses in a part of their business. This portfolio perspective was expressed by a major American CEO who had created alternative goals for the growth of the organization, not to get caught in short-tem optimization. He said, "we don't have to win every time, but if we are above average every time, we will win in the long run."

3. Creating a Community of Purpose

The CEOs in the study manage multinational/global organizations with employees from many different cultures. One would think that diversity and global scope would discourage CEOs from trying to establish a common higher purpose for the whole organization, something they all felt was important in order to create a greater sense of meaning in the organization. This was not the case for the CEOs we interviewed. Quite contrary, one of the

European CEOs quotes his predecessor, who argued that although the organization's mission was to create wealth, its final objective was to work for the greater good of man.

CEOs talked about the importance of building a community with a common purpose. It was in this way that they hoped to achieve the strong culture and norms they know is an essential part of building an organization with high commitment and high performance. A higher purpose transcends the organizational boundaries and goes beyond standard vision and mission statements. The greater sense of meaning, its value and how to achieve it was expressed in various ways. One major CEO says:

> "The organization wanted a purpose, and I deeply believe that. I have that deeply imbedded in me. I want a purpose other than only making money. Making money is for me an effect of what you do. If you do something really well, it results in you making money /…/. For me, the work in the organization has a soul and values and a purpose that transcends only making money. I am completely convinced that if you get that right, you make money. But for me, making money is an effect."

And further:

> ”[the company] has a soul that I have had the privilege to contribute to developing. But that soul does not end with me, it will be passed on to the next generation and must be made to work well there. So one of my tasks is to make sure that the company remains alive in the long run. It's not hard to conclude that I won't be here in 20 years, maybe not in 10, and maybe even not in 5. What do I know? But in any

> case I want to leave a [company] that actually has a soul that can go on under a new leader."

Another CEO of an in comparison smaller American organization says:

> "We're a company that based our strategy on our ability to innovate which means that the only real competitive advantage we ultimately have is people because we have to have the next best idea. And that means we have to be able to recruit the best people and if we're in a shrinking world it's going to get more competitive to get those folks. And as we go through that, I think, and you look at the next generation, everything I read tells me they're going to want a deeper meaning in their life. They're not going to be willing just to show up and do what you tell them to do."

Yet another CEO said:

> "And so I had strong belief that we had to figure out a way to give folks a bigger picture. We came up with this idea that was right in the (values) called "A Better World." We said we're going to help create a better world by what we do from a philanthropic standpoint. We're going to do it through our stewardship of the environment and then we're going to do it through becoming a more inclusive organization. /…/ The vision statement, which is one sentence. It's in improving lives. 'Making people's lives better by innovation'. What that meant was what we do is important to people, and unleashing power wasn't necessarily energy but it was the innovation of our people. /…/ It's about human community and organization. Organization is a subset of human community and again, the flourishing of

> innovative, creative individuals in a human community. What is the structure of community most likely allows individuals to flourish, and then those individuals are engaged in a creative endeavor, which involves innovation a lot of thinking and smarts, and where there's an output where they're going to make a difference for the world.

Community in global and diverse corporations, CEOs felt, connects the vastly separated parts of the organization under something that is not directly connected to business (if it were, it could be subject to internal politics and debates). One organization in the sample has a major part of its operations in developing countries. The CEO argues that the engagement of the organization in charity in the rural districts of Africa and Asia drastically energized the employees of the organization. When they saw what could be achieved with charity, they also did a better job inside the organization, he observed. It united people both locally and in different part of the world. Because of charity issues, groups of people started to travel from one part of the world to another, visiting other local offices. This made ideas travel and hence both increased cohesion and the sharing of knowledge and innovations. The CEOs seem to be making these issues personal and are letting them influence their leadership and the legacy that they want to leave. The community feeling is reinforced by moving people in the organization, by creating events that support a development of understanding, by creating joint traditions inside the organization, and by different parts of the organization supporting each other.

If the organization has a higher purpose, it gives the opportunity for people from the most far ends of the organization to still feel that there is something that unites them. They have a common ground. We know from research that the creation of cohesion in organizations is supported when people are able to make sense of the world together. Together, they create shared frames of reference. Collaboration is made easier when a common language and platform has been established.

The higher purpose may be a focus on sustainable development, charity, to some extent quality of the products or public image of the organization. From an organization perspective, it may seem as rather odd to have a purpose, which is outside that of the organization objectives. From the perspective of aligning the organization, enabling horizontal communication and creating cohesion, it seems rather natural. Many of the companies in our sample have a great history. CEOs of these companies talked about having to honor the past while encouraging change foisted on their organizations by competitive pressures, acquisitions, mergers and partnerships. Otherwise, community and common purpose could easily lead to inertia, rigidity and ethnocentrism. This balance between creating a strong culture and embracing diversity and change is a challenge earlier high commitment and performance companies and their CEOs did not have to manage.

4. Amplifying Leadership Impact

The group of practices that we have here chosen to call “Amplifying Leadership Impact” evolve around the need for the CEOs to handle communication during change implementation effectively. We count three practices to this group:

Presence

To stay in touch with the organization, many CEOs we interviewed are in constant contact with the far ends of the organization, by sending handwritten notes, by keeping open phone hours or web casts for employees. Several of them have open email channels and encourage people in the organization. One of the interviewees explains:

> "You have to be omnipresent. /…/ I mean in fact, everybody says they've seen you when they haven't. And so there's just this – that he's around, he's involved, he's concerned. I've have all e-mails – I've got a thing called Ask [the CEO], which is all the e-mails that – I get about 500 or 600 a day. And from [employees] all over the country. We respond to them all in 15 minutes. So everybody gets a response with 15 minutes, even if it's, say, OK we got your message, we're on the case. And then everybody gets a full response within seven days. /…/ just dealing with those things has a huge impact on the organization. Imagine you get 600 a day – I always say to everybody, it probably – in the last – in a year, over a year – you have somehow touched everybody in the organization. And so – because every time you send a note back, they tell twenty people. So and there's thing – you have to be seen to be omnipresent. People think you're the Scarlet bloody Pimpernel. You're everywhere."

CEOs achieve presence through a paradoxical style of using themselves as instruments of change in strategic issues and at the same time delegating and empowering lower levels to take charge of running their own operations. In one sense, *they empower the organization by being there, but at the same time stay away.* For example, CEOs build trust and commitment through direct communication and they engage directly in strategic discussions at all levels but they stay out of discussions about operations. They enroll lower level leaders personally but stay away from direct involvement in the details of their operations. Several argue they cannot be involved in operative details more than a few times a year because that would be counterproductive to empowerment.

Predictability

Many of these companies operate all over the world employ ten thousands of people working with complex products or in complex settings. By being simple and communicating a few prioritized issues they help people understand where they want the organization to go.

One legendary European CEO says:

> “I think the big learning is one of simplicity. So - the way you need to communicate”

Another says:

> ”You can get lost in the complexity of a large organization. You have to find principles to which you can stick, and that make you predictable in the organization. Talking about predictability now, that is an insight that I have got here at [company name], it is very important that people understand what you do and why you do it. /…/ Then three words are better than five, and much better than a memo. /…/ So management predictability is important. People must intuitively feel that ‘now I am heading in the right direction’ or ‘they are not going to like this’.”

It follows from the quotes that being predictable releases energy in the organization. Not only does it align the leadership of the organization, it also makes subordinates feel more secure in the decisions that they make because they know what is “right.” What is important is to carry the same message and to make it crystal clear to people what you stand for, and what you prioritize. One American CEO calls it to "take the mystery out of the relationship". This enables people to make their own decisions, since they are aware of the CEO's principles.

Persistence

CEOs report persisting with the same messages despite the fact that they find it boring. To paraphrase one of the CEOs: I never miss the chance to give a dinner speech but to be consistent I work really hard to have a few clear messages irrespective of what corner of the organization or the world you are talking to. One CEO of a large European organization says:

> "I think one of the things I've really learned is about the continuity of senior management. But it's also about one of the things you have to do when you're leading a big business is you have to bore yourself to death really. You have to keep repeating yourself. It is incredibly boring for me to keep saying what matters around here is the customers. The customer is the most important thing. I say, do you need to say that again. I've said it hundreds of times. It is the reinforcement and continuity of direction and the re-articulation of the goals of the business, which is the real job of the CEO isn't it? I'm afraid you just have to bore yourself sometime."

Another CEO comments his role in creating persistence:

> "Well, I can be persistent myself. And I can be robust in my management role and not think that I can walk on water when the business cycle is good, but also not crash completely when the business cycle is bad. So I think what I can stand for when it

> comes to knowing how to act, I guess it is a lot about predictability and persistence and having some endurance."

5. Shaping the leadership context

CEOs must solve the question of how they will relate to those closest to them. Paradoxically, they say that it is too difficult to have close allies in the organization as it hurts you if you need to replace or criticize them heavily. On the other hand, there is also a clear tendency to create a nucleus of managers who become the core team (not to confuse with the broader top management team) - a few very close colleagues with whom you share everything and unite around key messages, priorities, and codes of conduct. In several occasions, this core team had been created early and lasted the whole CEO tenure. This sometimes meant over a decade of close collaboration within a small selected group – often 3-5 persons. This does not mean that there are friendship ties outside of the job – rather very close partnerships and openness in the small core group on all sorts of job related issues. There seems to be three major reasons for forming this closely knit working group. The first is to share the workload involved in carrying out strategies and communicating key messages. It helps to have leaders to have many managers rather than just the CEO encouraging the organization to function according to espoused values and to assess alignment. The second is that CEOs needed to find others who complemented their competences. The third is to reduce loneliness at the top.

Just as they are shaping the narrow context, it seems to be of utter importance to shape also the broader leadership context. The CEOs amplified their impact by overseeing the careers of the top 200-300 (in some cases up to 500) managers in their companies and ensuring their development. This means several days a year of talent reviews. They engage these leaders around strategic issues not directly connected to their immediate job to help them learn. One of the CEOs actually leads and teaches in an annual leadership workshop for twenty-five high potential leaders. The CEOs put a lot of their time into creating a system of multiple leaders at various levels who will help send the strategic message and enact it themselves. The leadership practices are not only about direction – it is also asking groups of people to give feedback directly and opening up channels for suggestions for innovation and change.

Discussion

The study departed from an interest in finding practices that facilitate broad strategic action in the organization, which could build high commitment and high performance. To find such answers, companies that were sustainably successful in financial terms and had a reputation of being high commitment institutions were selected and contacted. When asking the CEOs of these organizations about their practices, their answers revealed the rather unexpected answer that what they do is to embrace paradox by achieving several seemingly conflicting goals. To find the relevant practices that were connected with this ability, we searched the material for practices that lead to two out of the three outcomes performance alignment, psychological alignment and adaptability. This resulted in five groups of managerial practices that are key to the management of paradox, which in turn is central for creating broad strategic action and create sustained performance by both caring for commitment and performance. The argument here is that it is a skill of top management, at least in the organizations included in this study, to be able to not only acknowledge the presence of paradoxes, but to create practices that resolve them.

This description is not aligned with how managerial work often has been described. Much emphasis has been put on the tension between transactional leadership, focusing on a plan and its execution, and transformational leadership, engaging people in the development of the organization (Bass, 1990). Research has also long shown that the daily life of top managers consists of a large number of shallow activities (Carlson, 1951; Mintzberg, 1973), is fragmented and non-cohesive rather than goal oriented and reflective (Bass, 1990), hectic, reactive, unorganized and political (Yukl, 1998) and stochastic, fragmented, reactive, unorganized, political and non-reflective (Mikaelsson, 2004). This situation does not fit the description of how the CEOs in this study act. Instead of being left with chaos, they

- Find systems in the fragmentation
- Employ proactive approaches to gain control of and align the organization.
- Push down decisions to make people partners in decision-making.
- Are driven by values and aspirations that are broader than quarterly earnings.
- Engage people to reduce loneliness and stress at the top but maintain distance so they can make tough people decisions.
- Create high speed transformation by being clear, direct and predictable

Leaning on the analysis of the interviews, there seems to be three major reasons for why the management of paradox makes it able to create a connection between the management of commitment and performance.

1. It involves a systems view of leadership

You cannot resolve or embrace a paradox if you only strive to achieve one outcome. Not only did the CEOs in the study handle multiple paradoxes, they also worked with practices that were interrelated. To be able to do this, they leant on their ability to influence several parts of the organizational system. For example, several CEOs spoke of themselves as not being control oriented. To live what they preached, they changed the internal performance measurement systems to build them on monitoring people's actions, rather than controlling them. The CEOs also engaged in the top 200-300 managers in the organization to influence their behavior. A third observation is the creation of a community of purpose, which shows an understanding of the need to apply to people's wishes to be part of something bigger, and also to manage the organization horizontally, rather than just down-the-line. These observations are examples of an understanding of the organization as a system, rather than discrete parts that can be influence separately.

2. It builds on empowerment and the engagement of many instead of a selected few

By engaging people not only in the current work but also in the development of strategy, strategic change is made easier, less costly and more powerful. Hence, a more shared engagement around strategy on several places of the organization, and the allowance for several people to strategize creates shared ownership of ideas and a possibility to contribute to the development of the organization.

3. It builds on the ability of the CEO to be ambidextrous

The tendency not to balance the opposites in the paradox but to achieve both ends is an interesting example of ambidexterity put into practice. It follows quite naturally, that if you are able not to choose, but to be successful chasing two good causes, this enhances your ability to succeed. Ambidexterity has been praised by many, but few seem to have implemented it successfully. The CEOs in the sample demonstrate different ways of how to cope with and resolve issues that most CEOs experience as irresolvable tensions. In other words, the management of paradox is ambidexterity put to work. Since the mid 1990's, ambidexterity has been a popular concept in the management literature (Gupta, Smith, & Shalley, 2006; Tushman et al., 1996). The concept mainly refers to the ability of an organization to handle both exploration and exploitation, or incremental versus radical change (Baden-Fuller & Volberda, 1997; March, 1991). Authors have focused on the ambidexterity issues as a question of organizational design. The concept is naturally close to the management of paradox. Whereas ambidexterity has been almost exclusively used for the duality between exploration and exploitation, the management of paradox is much broader. Also, the authors on papers about ambidexterity have suggested that dualities need to be separated in time or space (Baden-Fuller et al., 1997). The findings in this paper strongly indicate that *they can be achieved simultaneously*. Most likely, the ability to be ambidextrous demands the *ability*, or mental capacity, to handle several things at the same time, the *ambition* to do so, built on personal values and aspirations, and to have the *practices* that make the management of paradox possible.

The study contributes to the literature on the relationship between commitment and performance (Benkhoff, 1997) by describing practices that create a connection between the management of commitment and performance. The CEOs interviewed saw a connection between the commitment they could create and the performance that this facilitated. They argued that they were working to create high commitment just to be nice (although this was also one driving force). They believed that this facilitated the generation of high performance. It should be noted that the commitment that is created and leveraged is commitment to future initiatives. This is a result of the selection of practices as leading to several outcomes. Commitment can potentially constitute organizational inertia, since an employee may be committed to what the organization is currently is or have been.

In contrast to descriptions of charismatic leaders, these CEOs often have compelling but low-key messages and are actively open to learn from others. Several of them confess to working hard to systematize and use suggestions and complaints that come in through the communication channels and use these to change things in the organization. Here, the study also contributes to the literature on strategy as practice (e.g. Jarzabkowski et al., 2007; Johnson et al., 1998; Johnson et al., 2005) by describing CEO action that facilitates the partaking in strategy by employees . It should be noted that this involvement does not seem to be extended to strategy analysis or partaking in strategic decision making on a corporate level, at least there is no evidence of this in the interview material. The ability for people to strategize is instead created through the creation of space for employees and many levels to both take part in a dialogue on strategic issues, for example by management empowering by being there but staying away, by pushing down decisions, or encouraging and facilitating horizontal cooperation that makes ideas travel.

The findings extend the work done by for example Hart and Quinn with colleagues (Hart et al., 1994; Hart et al., 1993; Quinn, 2004). They point out that leaders deal with competing values, attitudes and roles. Leaders that are able to grasp several such values (and therefore demonstrate a high level of behavioral complexity) tend to produce better financial performance (Hart et al., 1993). Where the authors focus on values and roles, this paper focuses on practices to create strategic change and create high commitment, high performance organisations. The empirical material and the analysis therefore provide hands-on practices, rather than broad abstract terms, as descriptions of their leadership. The management practices are key to facilitating people's involvement in strategy and thereby core to creating high performance and high commitment at the same time.

Recent research shows that managerial work with time has become both general and more financially oriented. Also, the managers work more hours with even more tasks and spend more and more time outside the office (Tengblad, 2002). Even a top executive who aims at building long term strategy, at establishing strong organization values and at changing the leadership system to allow for engagement on all levels, will find it hard to create a legacy in the short time period that he/she has to his/her disposal. For managerial practice, the hope is that the results of this study may both give suggestions for how to manage an organization that empowers people and lets them become part in creating the organizational future collectively, and therefore is better equipped to succeed also financially.

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Table 1
Organizations included in the study

Interviewee	Organization	Industry	Country
Torben Ballegaard-Sorensen	Bang & Olufsen	Household electronics	Denmark
Ed Ludwig	Becton Dickinson	Medical equipment	USA
Val Gooding	BUPA	Health care	UK
Douglas R. Conant	Campbell Soup	Food	USA
Tim Solso	Cummins Engine	Engines	USA
Peter Bazalgette[1]	Endemol	Television production	UK
Carl Bennet	Getinge	Medical equipment	Sweden
Stefan Persson	H&M	Clothes	Sweden
Brian Walker	Herman Miller	Furniture	USA
Russ Fradin	Hewitt Associates	Outsourcing and consulting	USA
Bengt Andersson	Husqvarna	Forest & Garden machines	Sweden
Anders Dahlvig	IKEA	Furniture	Sweden/Netherlands
Steven Holtzman	Infinity Pharmaceutical	Pharmaceuticals	USA
Carlo Pesenti	Italcementi	Cement, concrete	Italy
Bertrand Collomb	LaFarge	Building materials	France
Ken Freeman	Masonite International	Doors	USA
Dale Morrison	McCain Foods	Food retailer	Canada
Jorma Ollila	Nokia	Telecommunication	Finland
Marjorie Scardino	Pearson	Publishing	UK
Allan Leighton[2]	Royal Mail	Mail delivery	UK
Peter Sands	Standard Chartered	Financial services	UK
Peter Dunn	Steak n Shake	Restaurants	USA
Sherrill Hudson	TECO Energy	Energy provisioning	USA
Jim Griffith	Timken	Roller bearings	USA
Alan Parker	Whitbread	Hotel & restaurant	UK
Leif Johansson	AB Volvo	Automotive	Sweden

[1] On recommendation from Endemol (which had at the time of interview just received a new CEO and was about to be sold, the Chief Creative Officer was interviewed)

[2] Allan Leighton is the chairman of the Royal Mail, but took over the organization to lead its turn around.

Figure 1

Basic structure of interviews

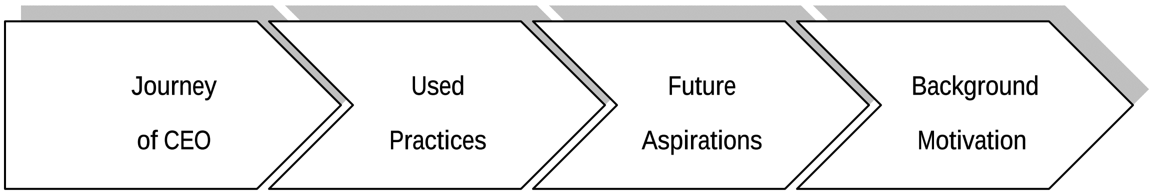

Figure 2

The three outcomes of high commitment, high performance companies

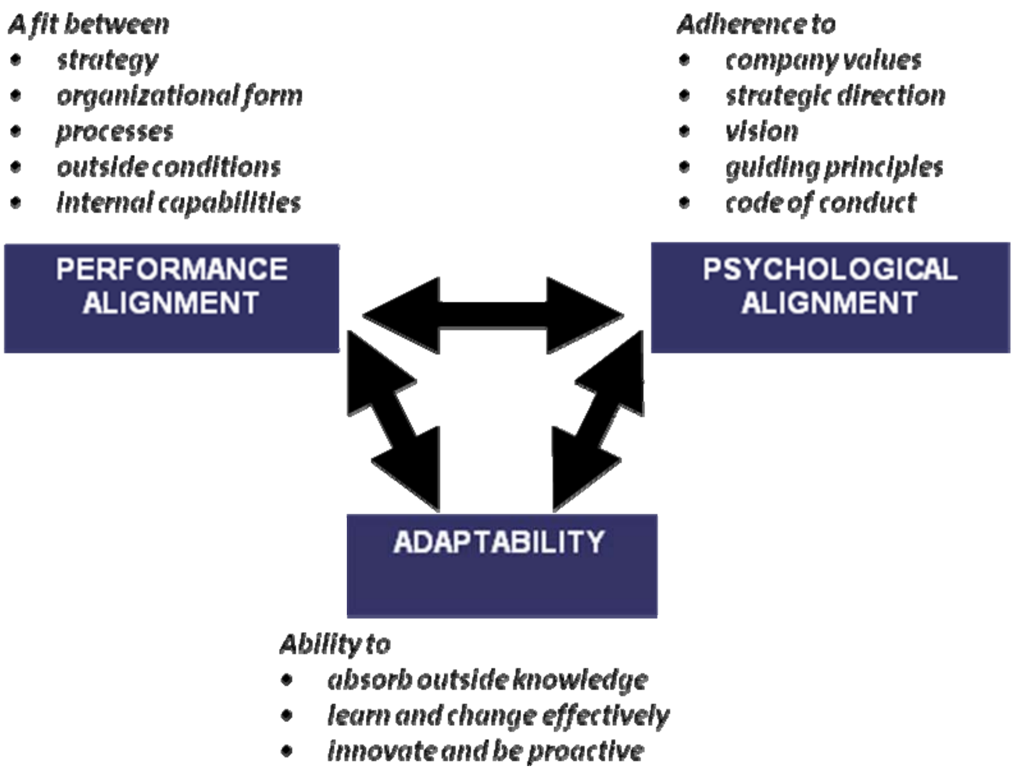

Figure 3

Management dualities that are reconciled by the systems of practices