

Issues and Opinions

Conflict at the Top Its Impact on the Organization

The December 19, 1983, cover story in *Business Week* pointed out an accelerating trend toward insecurity that is shaking executive suites. The statistics indicated that the average annual rate of resignation from the top two executive jobs in a sample of 100 large corporations, for reasons other than retirement, rose from 4.1% in 1970-74 to 8.6% in 1975-79, then to 9.8% in 1980-83 (1983 estimated). Accelerating technological change, record numbers of acquisitions and mergers, foreign competition, slow growing domestic markets, and deregulation have all contributed to this phenomenon.

In most cases, the departure of a senior executive was preceded by months or years of political infighting, head to head collisions, turf battles, and power struggles. Experience shows that these conflicts at the top have an impact on the organization that is far more severe than top management realizes. It reverberates not just to the layer under the struggling executives, but to the middle management layers deep within the organization. It saps the motivation and energy of managers and has a debilitating influence on the entire company. The effect is external as well as internal, although management often assumes that they have effectively shielded the problem from their customers, suppliers, and outside contacts. The external impact often can be more damaging than the internal ramifications.

Infighting at the top has a particularly harmful influence on a progressive IS shop. More and more, IS is becoming involved in strategic areas of the business. As a result, the proposals that IS management may consider making to top management are important and potentially controversial. The linkage of IS and corporate plans is becoming quite important to long-run IS effectiveness within the company. Strong top management direction, stability, and continuity are required to establish this link. When this is lacking, IS tends to revert to a back-office, reactive mode or simply follow a holding pattern.

There are some basic operational characteristics in an organization experiencing top level insecurity. These could be formulated as tenets like Parkinson's Law or The Peter Principle.

1. *Bad news travels faster in organizations with internal discord.* Not only does the news travel faster, but it penetrates deeper and has a more lasting impact. The same may be said of destructive gossip.
2. *People in a bureaucracy tend to look for reasons to justify inactivity.* Power struggles at the top provide fertile ground for this class of person. Management would be amazed at the amount of time devoted by middle and lower management to discussing and speculating on corporate power struggles at the top. This is a particularly avid pastime for older employees and/or those with company longevity.
3. *Discontinuity at the top promotes an environment of company doubt and lack of personal commitment.* The thinking is that if our top management cannot get it together, why should we. If there is no team play at the top, team play down the line will not be a rewarding pursuit.
4. *A lack of execution syndrome develops in this environment.* People just do not bring projects to conclusion or closure; they become cautious and tentative. An ambitious manager must be careful about doing something that is viewed as supporting the "other side." During periods of top level strife, people speculate that they cannot afford to serve the boss' enemies.
5. *Risk taking and innovative action fare the worst in this situation.* A reversal of normal work prioritization takes place; the higher the potential impact, the lower the project sinks in the queue. People conclude that it is not the time to surface new ideas and that the situation favors a low profile, "mushroom management" style.

Inherent in the above list is a general organizational malaise and a proliferation of power games. Not knowing exactly where the power resides or who the real players are, a hesitant behavior style develops and the game becomes one of testing the water and the mettle of the players. This can cause serious misdirection of energy.

What does this mean to the IS executive and what can he/she do about it? We believe that this is not the time to attempt heroic plans or implementations. It would be irresponsible and inappropriate to push efforts that require top management involvement, cooperation, or teamwork. This would be bucking the tide with no chance of suc-

cess. However, one course might be to redirect efforts to work that can be performed within the IS domain. Here an opportunity exists to seize the initiative during the period of executive unrest — to strengthen the technical IS foundation in preparation for better times. Also, the IS executive needs to make sure that the IS shop has as little of the above five characteristics as possible, through direction and personal style. It's a time that tests leadership qualities. Organizational behaviorists have stated that MIS people tend to place professional loyalties over company loyalties. During an unstable management period, company loyalty can drop to a point where motivation and production are severely affected. The MIS director must emphasize positive company factors while exploiting professional loyalty, at least temporarily, until top management gets its act together.

More important, the IS executive — this time in a general management role — should do all that's possible to resolve the high level conflict. Such a situation is like having a dangerous criminal loose in the neighborhood. Even if he doesn't strike, the implied threat is enough to cause disorder and disruption. Management cannot afford to avoid the issue even though the decision to confront it is a hard one. Inaction can cause loss of good personnel and can bring a company to a non-competitive position. The message is, "Help resolve the conflict at the top." Its negative impact is deeper than the top executives realize.

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