

Efforts to understand organizations and people can sometimes be so frustrating – it will be so nice to have one simple question that will largely explain all the relevant forces at play. The question mentioned below in the title is one such question ... please read on to know more ...

Which currency do you and your organization deal in?

Contribution or impression management

December 2011

The beauty of powerful principles lies in the fact that they are simple and elegant, and at the same time they help us understand and predict multiple phenomena. While thinking about issues related to organizational culture, leadership, motivation and employee engagement, I could think of one such principle and I am naming it as 'currency principle'.

I) INTRODUCING THE ' CURRENCY PRINCIPLE '

Depending on the organizational culture and leadership environment (and also based on their own character) employees start operating with either of the following two currencies, and the choice of currency starts significantly influencing the character of the workgroup.

1: Currency of contribution and performance: In this scenario, to become successful, the employees need to focus on performing on their jobs and making contributions to the organization.

2: Currency of impression and boss management: In this scenario, the employees mainly focus on ensuring that their immediate supervisor and the other important decision-makers are 'managed' properly. Employees mainly need to ensure that they are creating a very positive image in the minds of all the 'right' people who matter. In its most extreme form, things may even come to a stage where the actual contributions and performance start mattering less and less and employees can become 'successful' purely on the basis of excellent impression management.

[At the root of the currency of impression management is the phenomena where the individual repeatedly chooses self interest above (and often at the cost of) the interest of the organization and is allowed to get away with this choice]

Needless to say, a culture that deals mainly in the currency of contribution is far more desirable. An organization built on currency of impression management can possibly survive over a short term, but is bound to flounder over long term because pure impression management is unlikely to deliver the results required the various stakeholders.

II) ROLE OF INDIVIDUAL CHARACTER

Let's look at the factor of individual employee character. As a simple generalization, I would say that individual employees can be broadly classified into following three categories:

A) Fundamentally dealing in currency of contribution: This set of individuals believes in focusing on their own work and contributions. They do not believe in the currency of impression management and expect the organization to take judicious and fair view of their work (without their having to take any special efforts to 'advertise' their work)

B) Fundamentally dealing in currency of impression management: This set of individuals mainly operate on the basis of impression management. Their main concern is to keep their bosses happy and create a favorable impression on the important people.

C) Selecting the operating currency based on the leadership environment: A large majority of individuals choose their operating currency based on their assessment of the supervisor's style and the organizational culture.

I believe that the largest proportion of employees belong to category C, followed by category A and then the category B.

III) SINGULAR IMPORTANCE OF LEADERSHIP

If we accept the distribution of categories mentioned above, it logically follows that the leaders in an organization fundamentally determine the nature of currency that gets established there. If the leaders operate in a manner that sends signals that keeping them 'happy' matters more than the actual contributions, in no time, impression management becomes the predominant currency in the organization. In fact the category A people (who fundamentally operate in currency of contribution) will soon find it very difficult and painful to work in such an environment. Category B and C people who have mastered the art of impression management soon start growing fast in numbers as well as in influence.

It is critically important that the organization has wise, perceptive leadership and incisive governance mechanisms that ensure that impression management does not become the norm and focus continues to be on true contributions.

IV) DEFINING FEATURE OF SOUND LEADERSHIP

To actively identify and nurture people who share your values is a defining feature of leadership. Hence most often strong leaders have a wide base of loyal followers across the length and breadth of organization. These followers often go out of their way to ensure that their achievements and contributions are valued by the leaders. This is all very natural and to be expected. What differentiates the sound leadership from unsound leadership is the currency the leaders deal in. Sound leaders focus on long term, fundamental well being of the organization and value followers who consistently behave in a manner aligned with these principles. Sound leaders look at various sources of data to evaluate whether the team members are indeed contributing to the organization and do not rely solely on their own perceptions.

Not so sound leaders on the other hand are concerned mainly about keeping their own bosses happy – and look for followers who will enable them to excel at impression management. It is not to say that these people don't care about contributions – they do make contributions, but it is just that their main concern is impression and not contribution (e.g. They will avoid a confrontation with their superior even when they believe that the superior's decision will cause harm to the organization – because for them being in the good books of the superior is more important than the well being of the organization)

Hence I think we make a mistake when we refer to a good organization as 'apolitical'. Politics is inherent part of human nature and hence there cannot exist an organization without politics. But what defines a good organization is the fact that it's politics deals in the currency of contribution and not that of impression management.

V) **WHAT IS THE USE OF CURRENCY PRINCIPLE?**

It can help us in understanding, judging, predicting and designing many organizational processes. Mentioned below are few top of the mind thoughts -

- For top leaders
 - They should constantly watch out for the possibility that someone is trying to 'manage' them. The more senior the top leader, more people will try to create favorable impressions upon the leader.
 - Like all human beings top leaders have their own biases and may prefer particular styles or particular strength over others. Individuals who possess these preferred styles stand a chance of acquiring special status in the eyes of the top leader. If such individual has strong impression management bias and the top leader is susceptible to impression management, this may result in such an individual acquiring disproportionate amount of power in the organization. It may put huge pressure on governance processes in the organization and become a blind spot for the top leader.

Hence while taking a view on any person, the top leaders must personally and frequently review wide range of data points (e.g. candid feedback from customers and teams , objective performance data over a long period) and not rely solely on own perceptions

- To send a clear signal to all employees that the organization deals in the currency of contribution, the top leaders establish good governance processes around people decisions. They must feel that they are ultimately answerable to their employees and ensure that not only they take fair decisions, but use transparent and fair processes to reach these decisions.
- For middle managers
 - Managing people is lot of hard work and the middle manager who is trying to create a internally motivated, high performing team must pay careful attention to the kind currency system that he is developing. If his or her team members discover that their manager is solely concerned with

ensuring a good image in the minds of stakeholders (and not so much with doing good work per se) , it may completely demotivate the team members who are contribution oriented.

- A manager who operates with the impression management currency will never be able to win the professional respect of his team members and this will significantly limit his ability to lead.
- For individual employee
 - An individual employee should always introspect about the kind of currency he is dealing in. She may often find herself in a situation where she can comfortably and successfully get by through pure impression management. While this can be an easy way out, in long term it may significantly limit the development of her professional capabilities. Especially at the early stage of the career, if one gets caught in the currency of impression management, it may start a very harmful vicious cycle. (Once you start operating with impression management, your capability development will be impaired, and because you don't develop genuine capabilities, you will be forced to manage through impression management)

Table below gives few of the commonest manifestations of the two types of culture

Currency of Contribution	Currency of impression management
<ul style="list-style-type: none"> • Quality and openness of debate: Very high. People are not afraid to criticize ideas because everyone is trying to do what is best for the organization 	<ul style="list-style-type: none"> • Quality and openness of debate: Very poor. People are afraid to criticize ideas and views of important people because focus is on keeping them happy.
<ul style="list-style-type: none"> • Manipulative politics : Even if someone tries to operate with this kind of a style, that employee will soon get questioned / exposed 	<ul style="list-style-type: none"> • Manipulative politics: Is very common , in fact below the top leader, different groups from powerful coteries and fight with each other to win the top leader's approval.
<ul style="list-style-type: none"> • Quality of senior leaders: Is necessarily high, because to win respect of seniors as well as juniors who operate with contribution mindset, senior leaders have to be very capable. 	<ul style="list-style-type: none"> • Quality of senior leaders: Is unpredictable. Often individuals of mediocre capabilities (but high on impression and connection management) may rise to senior positions.
<ul style="list-style-type: none"> • Governance processes for people decisions (rewards , promotions etc.) : Very transparent , principles well communicated , consistent , data based and decided after adequate debate with all concerned 	<ul style="list-style-type: none"> • Governance processes for people decisions (rewards , promotions etc.) : Inconsistent , no standard principles used, many exceptions made based on powerful top leader's preferences
