

People who felt powerless at work or angry at their bosses came home and kicked the nearest object at home. People who had problems at home couldn't be as productive at work, because people were the common thread. I felt that this was an area that ought to be looked at and believed it was necessary that I take a look at both issues at the same time.

How have policies and practices relating to work and family affected the corporate bottom line as well as employee satisfaction and productivity?

In terms of policy, people were putting forth many proposals for government-sponsored and subsidized child care. It took companies a long time to begin to adopt family-friendly practices. We are still so far behind in the United States compared to some other countries. We should also be asking who should be providing these services, since in the U.S. we tend to ask employers to do nearly everything. The number of things that employers are being asked to pay for that are really a social good makes a long list. If people don't happen to work for a company that has such policies, there is little they can do. We need to acknowledge this reality and to acknowledge that people have lots of choices.

One of the ways I used to talk to audiences of practitioners about the opportunity theme in *Men and Women of the Corporation* was that there are actual next steps toward positions of influence that are valued by the person. Opportunity shapes how much ambition people have, how much turnover there is, and so forth. This has been confirmed by many academic studies since that time. I differentiate two populations that I called the moving and the stuck. Those who are moving have next steps and something realistic to aspire to. The stuck, on the other hand, feel doors are closed, and they begin to retire on the job and dream of escape. For men in blue collar occupations, the dream of escape was to get out and open a gas station, a small business. For men in executive positions, the dream was to get out and start a consulting firm. For women in the corporation at that time, the dream was to get out, have children, and run their family. That was something pleasurable that you could control and see the rewards of. A lot of women dropped out because the options they had inside the company were really bad—boring, bureaucratic, and leading nowhere.

What remains to be done about balancing work life and personal life?

If we don't make it possible for people to have highly flexible lives, I think we won't get the mutual benefits to our society of all the talent there is. At least now there are role-model companies that offer more flexibility, sabbaticals, family leaves, and the like. But a lot more needs to be done. Widespread use of the term "human resources" did not occur until the early 1980s. The function was still called personnel, and it was generally administrative, mostly serving to hire and provide compensation. We've come a long way on that issue too.

In Industrial Supply Corporation, people were put in boxes. Some boxes were called men and women, some were departments and levels that didn't talk to each other, another was work versus home, and so on. All my life I have been against boxes, and I have wanted to help people and systems break out of them. Personally, I hate being categorized, and professionally, I believe that innovation is a central activity that needs to be encouraged everywhere, to fulfill the human drive for improvement and to solve problems that limit opportunity. This is my crusade that drives much of my work.

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In 1983, you published another award-winning book, *The Change Masters*, one of the first of the new genre of business bestsellers. You analyzed ten American companies to explore another relationship between structure and behavior: "how some companies systematically encourage innovation by the design of their systems and the treatment of their people, while others stifle or ignore it" (p. 18). You concluded that "both the investment in people and long-term profitability were related to another vital factor: the willingness to take the lead in innovation . . . in response to changing social and economic circumstances" (p. 19). How did that book extend the work of *Men and Women of the Corporation*?

The productivity arguments of *Men and Women of the Corporation* caught the attention of many companies, including a large high-tech company in Boston that needed to improve the productivity of some of its Massachusetts factories. Staff at that

company, which was one of the new breed of companies built around new models of the workplace, were interested in the role of opportunity and power. So I had the chance to apply some of the thinking. I was very interested in how different the culture of that company was from that of Industrial Supply Corporation, which was extremely stodgy, bureaucratic, and formal. The high-tech company was open and informal, had more women, had a sense of freedom that let people call top executives by their first names, their dress was more casual, and so on. They were part of the information revolution, and that company was a pioneer in that new type of computing.

I wondered if there was a new breed of manager out there, and I developed systematic research around that question. I asked other firms, including Industrial Supply Corporation, to give me a sample of 20 old-style and 20 new-breed managers, and my team and I ultimately interviewed about 200 people in five companies. The difference turned out to pivot around innovation, not style—that is, whether people had the permission, the tools, the resources, and the collaboration to innovate. The culture of the high-tech company, and another in the medical device field, was geared to give people the support they needed to conceive ideas and act on them, in contrast to the culture of Industrial Supply Corporation or other traditional bureaucracies. More people in the technology companies seemed free to propose ideas and do something about them. If you look at episodes of individual performance, you learn about the structure or context that enables people to take certain actions.

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In *Men and Women of the Corporation*, I was struck by how much powerlessness there was. In *The Change Masters*, I began to see a new kind of company culture emerging out of high technology and the information revolution—a support system to empower people. This fueled innovation not only in products but also in work methods and processes. The two most innovative companies, Chipco, a large mini-computer company, and Medco (which was actually General Electric

Medical Systems and included current GE CEO Jeffrey Immelt), were at the cutting edge of the management revolution, and Industrial Supply Corporation was the old-fashioned way.

The Change Masters also came out at the cusp of change, when American firms were faced with strong foreign competition, especially from Japan. In that book I called for a renaissance, a need to reinvent the corporation, a term I coined before others used it in their book titles. The new breed of company emerging in Silicon Valley in California and Route 128 in Massachusetts became the driver of the new information economy, replacing the auto industry. America had always been strong because of innovation, but foreign competition made it even more critical for firms to innovate to compete globally. Business books suddenly became popular because American industry was challenged and needed new models. Also, more people were getting MBAs, and business was seen as a place where change was happening, including entrepreneurship inside companies.

So *Men and Women of the Corporation* and *The Change Masters* were two ends of a spectrum, illustrating how structures, cultures, and systems shape behavior to stifle or promote innovation and productivity. That's what I meant by mastering change. *Men and Women of the Corporation* demonstrated conviction that you get more productivity and greater contribution, and consequently higher performance, when you reduce the number of walls or categories that divide people. *The Change Masters* is my plea for empowerment, for democracy in the sense of recognizing that everyone is capable of making a contribution by using his or her ability to think beyond the limits of a role. (I wrote this before the term knowledge worker was coined to mark the shift to a knowledge-based economy that thrives on brain power rather than mechanical labor, but it is in the same spirit.) I also provided an analysis of the "architecture of change," showing that evolutionary change occurs because people at the middle and lower ranks have begun to innovate and experiment at the grassroots before strategic change is announced by top management.

Men and Women of the Corporation, like so many of your books, contains detailed and clearly stated contributions to theory and to practice. In fact, you devoted a lengthy chapter to each. What motivated you to do so?

My decision to devote separate chapters to theory and practice came about because I was very con-

scious of tensions in academic fields at the time I wrote the books. In my desire to be the integrator who does not accept categories at war with each other, and my search for harmony and utopia, I was very careful to give equal weight to theory and practice, and not choose one over the other. People debated at that time which was better, and which was purer. Similarly, I opened *Men and Women of the Corporation* by mentioning both Karl Marx and Adam Smith in the same breath. That was also a very conscious choice, a way of saying that I was trying to describe reality as it is, not ideology.

Regarding theory, you identified three variables as being structural determinants of behavior in organizations—the structure of opportunity, the structure of power to mobilize resources, and the proportional distribution of people of different kinds. How do you view the advancement of research on these variables over the years?

The studies I've seen have confirmed much of what I said and have added useful details. I haven't seen contradictory evidence. Of course, these three variables should not be examined one at a time, because all of them interact, in a system.

Regarding practice, you underscored the need to change the structures of organizations, with the objective of improving the quality of work life, providing equal opportunity for women and minorities, and tapping the full potential of human talent. To do so, you argued for job redesign, modified hierarchies, and flexibility of opportunity structures. How well did corporate America respond to the changes you called for? What were some of the motivators for change, and what were the barriers?

I think there has been enormous progress, but it's not perfect. Changes were almost inevitable as the new competitive realities became clear and the new industries grew. The high-technology industries featured in *The Change Masters* brought a new way of doing things. In order to operate quickly and to innovate, an organization needs more flexibility, flatter hierarchies, and more talent wherever it comes from. Also, coincidental with the rise of new industries was the fact that more women were admitted to academic programs that gave them an experience base similar to that of men. The substitute for homosocial reproduction (the preference for people of similar ethnicity and gender as top management that we discussed earlier) was to have an MBA from the same program. Harvard MBAs have more in common with each

other, whether they are male or female, than with people who don't have Harvard MBAs.

Many forces helped drive these changes. But clearly, today there is much more attention to the quality of the workplace, hence the creation of lists such as *Fortune's* 100 Best Companies to Work For. There is more awareness of the role people play, and talent and knowledge play, in the success of a company. In the 1990s, at the height of the economic boom years in the U.S. and other advanced industrial nations, how to retain talent became the preoccupation. After the technology crash, many people thought they could relax and go back to the old, more formal, more people-insensitive ways. But that has not proven true. In fact, now the companies that do better are those that have changed their culture. In my forthcoming book, *Confidence*, I talk about Continental Airlines, which is an iconic turnaround from a company that was really brutal to people to one that has incredible teamwork and probably one of the most flexible set of work arrangements not only in its industry but anywhere, in terms of people choosing their own schedules. Continental also showed amazing resiliency after September 11, 2001. So there has been tremendous progress, but not enough. There needs to be more because it requires enlightened leadership, and to manage a company with flexibility and empowerment also means a degree of openness in leaders and really valuing people, not just trying to manipulate them.

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Because Americans still haven't come to grips with out-of-work life, that omission prevents most companies from being a worker's paradise. Many people have rewarding jobs with plenty of opportunity but struggle to manage their out-of-work responsibilities. So that issue still has to be dealt with. In terms of people of different kinds getting to the top, the world has certainly changed. Now the term "diversity" is familiar and, in some places, is even considered an ideal to attain. In my mind, though, I think the most important value is inclusiveness, making sure that people's contributions aren't ignored. Enlightened companies talk about inclusion.

Having started out my career studying people trying to create utopias, I think utopia is an elusive

dream. All we can do is continue to make progress, continue to raise questions, continue to develop challenges. So I'm not satisfied, but I do think there has been change. And much of it has been in the directions that we understood in 1977 were the way companies should move, to support the grassroots of the organization. The companies that are role models talk about themselves as inverted pyramids, with the executives being there to support the people on the ground.

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When *Men and Women of the Corporation* came out, there wasn't very much discussion of power and powerlessness in organizations. *The Change Masters* was credited in *The Financial Times* as being at least one of the sources of the term "empowerment." Beyond jargon, the idea that you can invest people with the resources and tools to have control over their work, and therefore find ways to make a contribution, is an important concept. In terms of changing companies, valuing the potential contributions and listening to the ideas coming from people in contact with customers are an important source of input to strategy. I also believe that innovation is an important part of strategy, and it is also dependent on people's voluntary efforts.

What is the focus of your latest book, *Confidence: How Winning Streaks and Losing Streaks Begin and End* (Crown, 2004)? How does it relate to the themes of cycles of advantage and cycles of disadvantage you coined in *Men and Women of the Corporation* (pp. 158–159, 249)?

My new book takes off from the idea of cycles of advantage and cycles of disadvantage that was one of the contributions of *Men and Women*—the idea that people get caught in spirals that take them up or take them down. This book deals with cycles of success, cycles of decline, and turnarounds, and all the momentum that's built and the behavior that's created because of the cycle you're in. People who are in cycles of success or winning streaks, because their team wins or their organization is successful, are more likely to want to be together. So there's more communication, and people tend to show up for practice or meetings. It makes it easier to bond because people respect

each other in a group of winners. It makes it easier for people to feel in control because of the success that comes from their efforts.

Losing streaks or downward spirals have an opposite effect, even on people who have been successful in the past or are otherwise optimistic. If they start losing or feel that things are slipping, or find a set of problems that are unexplainable, people feel defensive, decisions start being made by small groups behind closed doors, and people stop respecting each because they feel they are with a group of losers. They start blaming others because they are afraid of being blamed themselves, and that's a way to shift responsibility. They withdraw into their own group and become isolated. They fragment and become passive or feel helpless. That makes further losing and further decline more likely.

The cycles of advantage and disadvantage I wrote about in *Men and Women of the Corporation* are not very different, in asking why people who lack opportunity stop caring. This says that people who are in low-performing organizations or on losing teams stop caring. In *The Change Masters*, I showed that companies with high innovation have a culture of pride, in which people assume that anybody there must have passed a very difficult test to be there, and because the company is successful they must be wonderful, as opposed to low-innovation environments that have a culture of mediocrity. Again, that's very much like the winning and losing I talk about in my new book. In the new project, I talk about this in great depth, focusing specifically on long cycles of winning streaks and decline, and about what leaders do in turnarounds to break the cycle and shift behavior. Leaders of turnarounds need to solve strategic, operational, and financial problems, but they also need to change habits and behavior. They have to stop people from blaming each other and get them to be accountable, to stop fighting across organizational silos and get them to collaborate, to stop them from feeling passive and to awaken their initiative.

I feel this new book is a deeper and fuller version of the ideas that were embryonic in those earlier books. It feels like an important next step and a way to make linkages, but it also feels very fresh to me, as I explored new territory in terms of theory and also empirical cases (I particularly loved studying sports teams to test some big hypotheses about behavior in streaks). One of the three big questions that I was trying to deal with is about organizational dynamics, not statics. How do events unfold over time to make certain things more likely? It's about cycles like: Why do the rich

get richer and the poor get poorer? The second question is about turnarounds. What do leaders do that makes a difference? In *Men and Women*, I was almost doctrinaire about how structure shapes behavior. I said in the Contributions to Practice chapter that we can intervene, but I never really said who is going to intervene. Now, in *Confidence*, I explore leaders and leadership in depth, including CEOs driving business turnarounds but also national leaders such as Nelson Mandela, who led a cultural turnaround in South Africa. The third question is about linking micro and macro: what's the connection between overall organizational performance in its institutional environment and the behavior of the people in the organization? For all that top leaders set strategy and define structure, people still have to go out onto the playing field every day to do their jobs. There is a need to understand the connections between all the levels of the system, from emotional climate and interpersonal behavior to organizational structure and external networks.

When you gave the commencement address at Northeastern University in 2001, in reference to your book, *Evolve!*, you chanted your rap song, "You Gotta Evolve," to thousands of enthusiastic students and their families. How have you seen yourself evolve, and how do you see the theory and practice of management evolving?

Well, as for the rap song, I did that tongue in cheek as another form of communication about the same ideas—an executive summary that happened to rhyme, so it would appeal to young people. To stay fresh, once in a while we all need to try something new!

I'm extremely flattered and honored to have been chosen for a Retrospective, but I don't devote a lot of time to looking back. I think about how to build on this foundation, as well as the foundation of many colleagues who have created many great ideas, in order to do my next project. So I spend my

time looking ahead and getting the next thing done. There is still so much to change in our current troubled world and so many contributions that can come from understanding how to guide complex social systems. In the future, the ability to think across system levels and understand the connections between bold strokes of strategy from the center and grass roots impact and action will be critical—for success in business or in any realm, whether improving public education or creating new partnerships to address problems of poverty and disadvantage.

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I'm not big on nostalgia. I'm much more interested in today and tomorrow. I'm always interested in learning something new. A certain amount of my time outside of Harvard, consulting, and business is spent with the new generation of young social entrepreneurs who are creating social change around the world. I'm on national boards dedicated to social change, and I feel very enriched by spending a lot of time with young people and learning from them. I've also learned a great deal from coaches and athletes and from other realms beyond business. So I believe there are always many new things to learn in the world and that looking ahead is an important thing to do. Innovation and change have always been important themes in my work, and there must be a good reason for that.

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