Theory versus Creativity in Design Paradigms:
Global SMARTS

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Abstract

Unfortunately, despite the multitude of behavior paradigms available (old and New), unethical behaviors continue to plague national and international business operations and relationships. The question begs, why do organizations continue to experience unethical behaviors. The purpose of this project was to compare several leading theorists (Barnard, Drucker, and Covey) paradigms to see if a working systems design paradigm emerged to right the organizational wrongs existing today. Global SMARTS emerged to address the core competency motivators proven to propel success and was combined with measurement systems required to monitor organizational sustainability. The combined use of the Global SMARTS paradigm drives best business practices and mitigates unethical behaviors while identifying organizational gaps that may surface over time.

Introduction

Creating system design paradigms requires forward thinking that assesses the environment and system designs that incorporate forward thinking ideas into organizational environments now and into the future. In light of the illegal and unethical activities emerging from global organizational giants (Enron, Tyco, AIG, Madoff) the question becomes why this continues to happen despite the move toward new design systems suggested by renowned theoretical guru's. According to Covey and Merrill (2006), the looming problem remains that organizations focus on production, as opposed to building a system design that develops internal and external reciprocal trust. Indicative of this belief, Covey and Merrill (2008) reported 76% of the American workforce surveyed stated he or she had observed illegal or unethical behaviors in the workplace and 75% of business students surveyed in this study reported cheating to ensure admission into graduate business school programs (Covey & Merrill, 2008). Collins (2013) contends that trust is the critical element that ensures organizational success stressing reciprocal trust surfaces from high ethical standards practiced across an organization. With numerous ethically-based paradigms to choose from, the question of why organizations continue to experience difficulties remains a constant. The purpose of this project is to compare Chester Barnard (in Wren, 2005) and Peter Drucker's (1994) organizational paradigms with Covey's (2003) paradigm to see if a working systems design model can emerge to right the organizational wrongs witnessed across America. The next (three) sections represent the basic paradigms of

Barnard, Drucker, and Covey before comparing and contrasting these paradigms in the fifth section. The sixth section discusses theory to the emerging systems design called Global SMARTS addressing core competency motivators that propel success and includes the fundamental measurement systems necessary to monitor organizational sustainability, before concluding with a brief overview of the SMARTS design.

Chester Barnard: Morally Influenced Cooperative Systems Paradigm
Barnard (1886-1961) became a foundational managerial scholar, suggesting a moral compass influences the social integration in his cooperative systems design paradigm (Wren, 2005). Primarily, Barnard viewed an organization as the sum of its integrated parts with people (employees and the environment) working together (social interaction) toward a common cause (Wolf, 1974; Wren, 2005). Barnard incorporated basic philosophical ideas from Pareto known for his social system design focusing on people, as opposed to employees working as a means to an end, and on the Protestant work ethic identified by Weber as the foundation of American business development (Berger & Huntington, 2002; Wren, 2005).

The basic components of Barnard's morally influenced cooperative systems focused on three goals; organizational survival, external functions, and executive assessments (Leonard & McAdam, 2003; Wolf, 1974; Wren, 2005). Barnard's analysis stated that equilibrium across the organization and with external forces must exist to maintain organizational balance (Wren, 2005). Organizational survival included internal organizational components focusing on the human element as a cooperating and social interaction agent (Wolf, 1974).

Barnard received severe criticism for suggesting people (as working individuals) could contribute ideas, values, and culture instead of current management philosophy relegating the status of employees to systematic robots accomplishing pre-set tasks (Leonard & McAdam, 2003; Wolf, 1974). Barnard's paradigm suggested a balance (equilibrium) between cooperation, coordination, collaboration, common purpose, and communication functions within an organization under the umbrella of moral leadership must exist, but failed to describe a systematic process to achieve these goals (Wolf, 1974). Contrary to popular business theories of his day, Barnard's theory not only incorporated the human element, but also expanded organizational philosophy beyond the bricks and mortar of typical organizational thought to include the external environment (suppliers, investors, and consumers) and evaluative assessment of executive leadership (Wren, 2005).

Peter Drucker: Knowledge Management and Moral Responsibility Paradigm
Drucker, a modern managerial philosopher, viewed the organization as the cornerstone of society and the future for all democratic societies (Hoopes, 2003; Drucker, 2003). His working paradigm Knowledge Management (KM) earned him the title of the Father of Knowledge Management (Becerra-Fernandez, Gonzalez & Sabherwal, 2004). According to Drucker, no longer would land and capital constitute the most valuable resources; rather, knowledge and creativity (people) represent America's most valuable resources (Drucker, 1993). KM concentrates on a top-down and hands-on goal oriented approach to management that looks at moral responsibility toward employees, the organization, and the external environment (Drucker, 1994; Wynett & Edersheim, 2007). KM represents improvement (the on-going creation of knowledge), exploitation (the skills necessary to facilitate and promote knowledge), and innovation (the moral integrity to propel creativity and innovative developments) (Drucker, 1994). Drucker built his paradigm around Fayol's philosophy that organizations operate as a

social entity building off the strengths of its employees (Hesselbein, Goldsmith & Beckhard, 1997). Drucker believed moral legitimacy must exist throughout organizational leadership and management to ensure employees could reach goals and objectives (Drucker, 1994). This paradigm set the foundation to propel knowledge management throughout organizations with people as the instruments of that knowledge.

Steven Covey: The Seven Habits of Effective People Paradigm

Covey contends that his seven habits form the basis for effective leadership to propel performance excellence (Covey & Merrill, 2006). The seven habits include leaderships' personal propensity to pro-activity, personal vision, integrity with execution abilities, mutual benefits, mutual understanding, creative cooperation, and self-renewal behaviors and attitudes (Covey, 2003). Based in these character and competency traits that facilitate trust across organizations, leaders can build trust that shapes the successful future within and outside of organizations (Covey, 2003).

According to Covey (2003), habit one refers to pro-activity as a principle followed by character traits of self-awareness and self-knowledge. Habit two refers to the principle of personal and organizational vision, purpose, and value that unleash the creativity and innovation necessary to propel an organization forward (Covey, 2003). Habit three pertains to the integrity of the leader to instill trust across the organization, and the ability of that leader to develop and execute strategies through highly channeled influences from this trust (Covey & Merrill, 2006; Collins, 2013). The fourth habit engages concepts of reciprocal respect that segues into mutual benefits across the organization stemming from the ability to share and foster employee strengths.

The fifth habit of mutual understanding involves combining courage with consideration to allow open communication systems to thrive (Covey, 2003). Habit six contends that cooperation across the environment produces creativity based in synergetic practices that exceeds short-term gain opting for long term relationships and long-term successes. Habit seven refers to leadership's ability to assess self-awareness, self-reflection, and self-improvement to propel creativity through cooperative measures within and across the organization (Covey, 2003). In light of the command and control leadership systems currently in many organizations, the practice of these principles (habits) is easier said than done (Yukl, 2006).

Management Designs Compared and Contrasted

These three management and leadership design system paradigms intersect, but also present parallel concepts. Barnard and Covey relied heavily on the results from the command and control design systems of the industrial revolution in determining what fallacies existed within these systems (Covey & Merrill, 2006; Hartman, 1998; Hesselbein, Goldsmith & Beckhard, 1997). Unlike Barnard, Drucker posited a decline in assembly line work that meant viewing even the assembly line worker as a knowledge worker (KM) (Drucker, 1994). Covey views all workers as integral players in organizational performance positing, like Barnard and Drucker that moral integrity and moral influence develop trust that makes organizational success possible (Drucker, 1993; Covey, 2003; Covey & Merrill, 2008; Maccoby, 2005; Wren, 2005).

Drucker focuses on the practice of management and management by objectives, as opposed to Barnard's paradigm that emphasizes the cooperation within the organization (Hoopes, 2003). Covey combined philosophical aspects from Barnard and Drucker's paradigms,

but posits his seven habits represent the organizational foundation that determines organizational success (Covey & Merrill, 2008). The problem with Barnard's and Covey's paradigms is a failure to present a systematic plan to execute these paradigms (Hartman, 2005; Yukl, 2013). Additionally, these paradigms (including Drucker's) lacked the assessment tools necessary to determine needed courses of action. This means the theories may provide excellent insight into what an organization and the leadership should be doing, but without the tools necessary to ensure and achieve the desired results these paradigms become theoretical and not workable practical paradigms (Hartman, 1998).

From Theory To Practice: An Emerging System Design Paradigm

Theoretical perspectives and paradigms offer options for organizations that when implemented should encourage organizational performance growth (Hesselbein et al.) How each organization interprets and implements these options is as individual or collective as the organization permits. The flexibility and agility needed in organizations must include the elemental systems design created by Barnard, Drucker, and Covey, but assessment tools (surveys and interviewing techniques) incorporated into a system design must also exist to ensure these models come to life (Albright, 2004; Latham & Vinyard, 2011). Developing a workable and practical system design paradigm that conforms across industries becomes critical.

Organizations experience rapid change and find meeting the ever-changing needs of the environment challenging (Doz & Kosonen, 2008). These rapid changes require fluidity through flexibility and agility. Collins (2013) contends that trust is the element that promotes the ability for organizations to remain flexibility and agile in a rapidly changing global economy (Doz & Kosonen, 2008). Today, organizations struggle to keep pace and find internal system design changes difficult to institute because changing design systems and organizational structure can create tension between the new and old design systems. This tension diffuses when open communication systems address the specific benefits this change will mean to the employees, the organization, and the consumer (Mitchell, 2009). Implementing a new design system that integrates trust across the organization (including all stakeholders) creates an innovative and creative atmosphere that embraces and propels change (Collins, 2013; Covey & Merrill, 2008; Mitchell, 2009). Regardless of the market and industry regulations and demands using the combined paradigms of Barnard, Drucker, and Covey with measurement systems should propel performance excellence because these philosophies concentrate on an organizations core ability to formulate reciprocal trust in open systems of communication, cooperation, coordination, and common purpose. Failure to match a system design model to the organization spells disaster. For instance, if an organizational design represents the command and control leadership paradigm and the leadership presents unethical characteristics the approaches by Barnard, Drucker, and Covey will fail unless extensive sensitivity and ethical training takes place, or terminations occur (Doz & Kosonen, 2008). Doz and Kosonen (2008) contend that any change begins at the top (leadership) because leaders instill trust that becomes institutionally embedded in the core competencies of the organization that facilitates the ability of employees to embrace change.

The Emerging and Creative Design: SMARTS

The results of this project indicate the newly emerging SMARTS systems design addresses the shortcomings found in Barnard, Drucker, and Covey's models. The SMARTS

system design encompasses the philosophical underpinnings of Barnard, Drucker, and Covey, but also provides assessment avenues to identify and determine organizational gaps in the mission, vision, culture, and potential issues of trust within each organization. Additionally, the SMARTS design provides internal and external environmental scanning and analysis capabilities that assess the needs of the environment (including employees, consumers, and other stakeholders) (Albright, 2004). The SMARTS design contains six primary components (see Figure 1). The first component contains the three "S's" (Specify, Set, and Strategize). This is the critical component because organizational strength and performance is determined by the

Figure 1: The SMARTS Systems Design

Specify the Mission, Vision, Values, and Culture.

Set Goals and Objectives.

Strategy Planning

Strategic Sustainability is On-going...Begin SMARTS Again!

Measurements and Management:

SWOT, Scan, Survey, Match-to-task Roles and Responsibilities

Transition and Trust: Leadership Traits and Principles Necessary to Unite and Drive Performance Excellence

Achieve Goals: Explore, Question, Discover

Motivate-to-Innovate

Set New Goal sand Objectives

Re-connect the Organization to the Environment: Match-to-task the Roles and Responsibilities

specific mission, vision, values, and culture within an organization (Clawson, 2012; Collins, 2013; Covey, 2008; Devro, 2004). The mission, vision, shared value systems, and the culture of the organization must align in an atmosphere of well-developed reciprocal integrity-based trust and mutual understanding before organizational goals and objectives setting take place (Covey & Merrill, 2006; Wren, 2005). Leadership plays an integral role in this first component because leaders provide foundational trust that creates enthusiasm and clarity needed to move the vision into reality (Yukl, 2006). Management guides employees through the process, and this means management acts as a tool for leadership and these leadership traits of integrity must reside in management too (Wren, 2005). Setting goals and objectives based on the mission and vision provides a clear map of how the organization intends to bring the mission and vision to life the culture and value systems must also align (Clawson, 2012; Devro, 2004; Yukl, 2013). If the first component is not aligned and organizations attempt to thrive in this paradigm, disaster occurs creating a failed design system (Gebler, 2006).

The second component establishes the two "M's" (measurement and management). Barnard, Drucker, and Covey developed similar management plans, but failed to provide a measurement system to assess paradigm development within organizations (Wren, 2005). The SMARTS system design model incorporates comprehensive (yet simple methodology) measurement systems by using SWOT (strengths, weaknesses, opportunities, and threats) analysis (Jones, 2007), cultural risk assessment model (CRAM) tools (Gebler, 2006), environmental scanning (Albright, 2004), and target specific survey development and analysis (Church & Waclawski, 1998; Latham & Vinyard, 2011) to provide an avenue for organizations to determine organizational gaps and internal and external environmental needs (Forte, 2004). This component is critical because measuring organizational structure and systems design requires on-going feedback for an organization to understand which track to climb on, to remain on the right track, and to prepare for change and the disruptions change presents (Gandossy & Sonnenfeld, 2004).

The third "A" component (achievement and alignment) refers to the achievement of the goals and objectives and organizational alignment through the strategic planning and implementation process. If the organizational structure and systems design do not align with the mission and vision, the goals and objectives cannot come to fruition (Doz & Kosonen, 2008; Yukl, 2013). Organizational growth and sustainability depend upon an organization's ability to develop strategic plans that align with organizational goals and objectives within the framework of the organization to ensure success (Doz & Kosonen, 2008). The fourth "R" (Re-connect) component focuses on re-connecting the organization to the internal and external environment through a match-to-task process that matches roles and responsibilities among employees to the tasks required to meet the goals and objectives.

The fifth two "T's" (transition and trust) component transitions organizational and environmental changes through trust (Collins, 2013; Ulrich, Smallwood & Sweetman, 2009). Additionally, the transition becomes viable and sustainable only if reciprocal trust is internally and externally present (Covey & Merrill, 2008; Mitchell, 2009). This means the employees and the consumer must trust the organization (Mitchell, 2009). The sixth two "S's" (Strategic Sustainability) component develops strategic plans to execute the development and delivery of product and services that match the mission and vision of the organization to ensure organizational sustainability (Yukl, 2013; Wren, 2005). Trust is the key ingredient that creates the engine for innovation and creativity to thrive that propels performance excellence and

ensures organizational sustainability (Covey & Merrill, 2008). This model is predicated on the highest morals, principles, and ethics because research indicates these elements produce the highest levels of trust necessary to grow and sustain organizations (Collins, 2013). Any deviation from seeking to garner trust throughout the SMARTS process invalidates the use of this model.

Conclusions

Historical philosophical paradigms provide the foundations from which modern business philosophies and hands-on practices can emerge. Barnard's cooperative social system pointed the way for modern organizational practices that changed how employers, leaders, and management viewed workers (Wren, 2005). Both Drucker and Barnard showed the business world the social aspect and the positive influences generated from knowledge workers (Drucker, 1993; Wren, 2005). Covey's (2003) research pointed the way for integrity to become the instrument to instill trust across an organization and into the external environments, too. Despite the valuable contributions of these three men (and numerous other philosophers), these philosophical gurus failed to include measurement systems to identify, correct, and propel the ideas espoused.

The abundance of leadership and management paradigms is plentiful, to such an extent that businessmen and women find selecting the right paradigm quite a difficult process. Today organizations are as different as the products and services these organizations offer. Regardless of the operational differences most organizations continue to seek out the best business practices available, the best technological advancements, and the best and leanest ways to stay in business. This organizational need provides a forum for philosophers to continue inventing new tools to aid organizations in the quest for performance excellence and sustainability. The SMARTS systems design paradigm addresses the core competency motivators that propel success and includes the fundamental measurement systems necessary to monitor organizational sustainability. Upon request, a complete SMARTS systems design is available that includes every aspect of measurement and assessment tools to complete this paradigm. What does the future hold for theoretical versus creativity in systems design? It may be too soon to tell, but with an efficient working systems design paradigm in place, the future looks bright.

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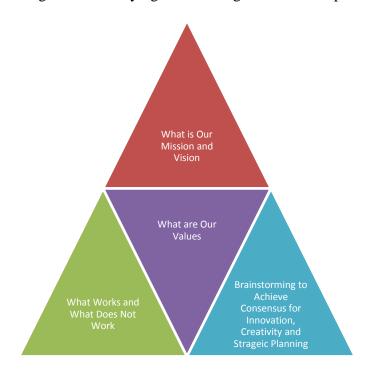Yukl, G. (2013). *Leadership in Organizations* (8th ed.). Upper Saddle River, N.J. Pearson Education Inc.

Figure 2: Identifying Internal Organizational Gaps