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The Organization Development Journal
2002 Best Article of the Year

Adaptive Leadership: When Change is Not Enough (Part 1)
Dr. Jerry Glover, Dr. Gordon Jones, and Dr. Harris Friedman
Adaptive Leadership: Four Principles for Being Adaptive (Part 2)
Dr. Jerry Glover, Kelley Rainwater, Dr. Gordon Jones, and Dr. Harris Friedman

Each year a panel of judges evaluates the Feature Articles published in the Organization Development Journal in order to determine the best article published that year. For the year 2002, our panel consisted of Alan R. Lisk Dr. William J. Kohley, Debbie Pastors, Steve Cady and Jennifer Clevidence.

We are pleased to recognize the exceptional two-part article written by Dr. Jerry Glover and his co-authors on Adaptive Leadership. In recognition of their distinguished contribution to the field, Dr. Glover and his co-authors received a plaque and a $2,000 cash award. The abstract below provides a summary for each article in the two-part series. Following the abstracts, you will find the articles included. Please join us in congratulating Dr. Glover and his co-authors.

2002 Best Article of the Year
Abstract

In Part 1, Adaptive Leadership: When Change Is Not Enough (Summer 2002, Volume 20, Number 2) the authors discuss the need for adaptive leadership. They present a framework, inspired by Piaget's concepts of assimilation and accommodation, that can be used to analyze the adaptive dynamics of leaders and organizations.

In Part 2, Adaptive Leadership: Four Principles for Being Adaptive (Winter 2002, Volume 20, Number 4) the authors discuss four principle ingredients for enhancing adaptive potential: cultural competency; knowledge management; creating synergy from diversity; and holistic vision. The principles are discussed in detail, citing examples of each. In addition, the article presents certain predispositions that the authors believe are essential to enhancing adaptive capacity and briefly compare the adaptive leadership model to other recognized leadership approaches.

Abstract

This is the first of a two-part article on adaptive leadership. During the past two decades, there has been a flurry of interest in organizational change but little conceptual analysis about deeper issues related to change processes. In this paper, we address what we consider to be the most important underlying issue in this area, namely how to foster effective change in organizations through adaptive leadership. We are influenced by the classic work of Piaget, applying his concepts of assimilation and accommodation as complementary approaches to leading and learning in change situations. We also propose the development of four fundamental skills as important for practicing adaptive leadership: namely cultural competency; managing knowledge, creating synergy, and adaptive vision. A variety of cases from our personal experiences with change are used to illustrate our arguments. We hope this article stimulates the questioning of many tacit assumptions about organizational change leadership and encourages the more rigorous examination of change efforts in relationship to their adaptive contexts.

Adaptive Leadership: When Change Is Not Enough (Part One)

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In environments of discontinuous change, thinking outside the box is not sufficient: It is also necessary to think about changing the box.
Stephan Haeckel,
in *Adaptive Enterprise* (1999)

Introduction

Coping with change has become a constant challenge for contemporary leaders. Communities, governments, and corporations constantly seek new and better ways to transfer technology, develop mergers and joint ventures, improve performance, manage diversity, develop economically, sustain natural resources, protect the environment, create globally appropriate organizations, and develop new markets. The pressures of change can be seen in a variety of realms—from the business executive sent on an expatriate assignment to develop a joint venture in another country to national leaders attempting to combat terrorism. In many cases such leaders find that traditional organizations, as well as the notions about how to change them, are not up to the task.

As the complexity and speed of change has increased, it has become apparent that just leading change initiatives without adaptation is not enough. It is possible to create change without it being adaptive. Every

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leader in the world is facing the need to cope with change, but not all leaders are creating changes that enable their corporations, governments, or communities to adapt in a successful and sustained way. Unless leaders are able to develop abilities that enable them to lead adaptively in complex and rapidly changing situations, their organizations will be unable to effectively meet the challenges dictated by the modern world.

It should be noted that adaptation has been at the core of human experience throughout the ages. As humans, we have always faced the "fact of change," whenever we attempted to find new ways of adjusting to or mastering our environments. The practice of introducing and managing new ideas, technology, and behavior in organizations is as old as humanity itself. Only the incessant rate of change is unique to out current time.

And with the myriad of challenges faced today, such as globalization, technology transfer, and political turmoil, everyone seems to be looking for answers. We frequently hear and read about the latest change fad, one more new "solution" to address all organizational problems, which is described enthusiastically in corporate boardrooms and in management books. Many organizational leaders attempt to implement these one-size-fits-all initiatives to resolve their problems and management dilemmas. Failure usually follows, at which point, everyone associated with the change initiative denies that they supported the initiative and runs for the cover of past corporate traditions and practices.

In our rapidly evolving and often turbulent global community, it is well documented that most change initiatives fail to achieve desired organizational outcomes and performance improvements. Even if a leader is able to get his organization from point A to point B, the environment often shifts during the change process so that D or some other ending place becomes a more appropriate choice by the time the change has been implemented.

Consequently, the adaptiveness of any change process becomes a crucial consideration. The most pervasive challenge to leaders today appears to be that of creating successful change that is actually adaptive. It is our belief that many change initiatives are unfortunately more *maladaptive* than adaptive, sapping the organization's energy and resources. The following is an example of one such maladaptive change attempt.

Training, but no change. A U.S. Navy admiral told us a story of frustration concerning his efforts to bring about a continuous improvement initiative among sailors in his command at a naval ship yard responsible for repairing and maintaining the Pacific fleet. "I don't know why nothing seems to be changing! We trained all 2,200 sailors in statistical process methods. Every person in my command completed a three-day course during the past year," he explained.

When the admiral was asked what else he had done to create cultural change, he looked somewhat befuddled and responded, "Nothing except for the training." In actual fact, what he had done was train 2,200 sailors to statistically chart their dissatisfaction with their workplace. He had confused merely training the sailors in statistics with actually implementing any adaptive redesign of his organization that might have created an environment of continuous improvement.

Despite the admiral's well-intended attempts at creating a useful improvement in his organization, the culture of the naval ship yard had not changed for the better. Even though the 2,200 sailors knew how to use the concepts and methods of statistical process methods, they were unable to apply what they had learned in the workplace. Systemic blockages, arising from the old ways of doing things, were still at work. For example, those sailors who wanted to apply what they had learned to solve problems in their workplace were seldom given the time to do so. Instead, they were told to focus on their "real jobs."

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Furthermore, many of the non-commissioned officers were threatened by the new awareness of workplace problems and actually became more resistant to any effective change.

This failed attempt to produce a worthwhile change resulted, as unsuccessful change efforts often do, in cynicism, frustration, loss of trust, and deterioration in morale among organizational members. In many cases, organizations are far worse off after a failed change attempt than they were in the first place. In this regard, suffering with an inadequate status quo may often be better than introducing further problems with a maladaptive change effort.

In recent years, the search by practitioners and researchers for ways to create effective approaches for change leadership has moved away from the concept of leadership traits as an individually-owned skill that one either has or does not have (i.e., the natural born leader) or that one learns as an isolated individual. Convential wisdom regarding the concept of change leadership has also grown away from approaches that only apply to a particular national or local context. We are increasingly recognizing that effective change leadership is a culturally relative process that makes sense best from the perspective of adaptation to the widest possible contexts. In this perspective, adaptation is the process by which leaders continuously both assimilate information from the context of the world and then accommodate their organizations to specific contexts in which they are embedded.

At its most basic level then, adaptive leadership is based on being open to the changes going on around us and then making effective decisions in harmony with these pervasive changes, including implementing these in appropriate ways. This learning is fundamental to adapative responses. But adaptation is more than learning, it requires holistic and culturally relative perspectives.

Those who lead successful organizational change efforts may appear to follow certain generic principles, but do not follow a prescriptive formula or checklist of things to do. Adaptive leaders do not let their past experiences and limitations block their perceptions of new contexts. Since what is adaptive is always context-dependent, balancing the needs inherent at the point in time and space in which the leader must function is essential . This is illustrated in the following case.

"One best way or the highway." Consider the frustrations of a MBA-trained expatriate who attended a management workshop conducted in Fiji in 1993 sponsored by the U.S. Forest Service. The expatriate was new to Fiji and had been quite vocal during the workshop in expressing his difficulty with the work ethics of Fijian villagers.

During the course of the day his story became clearer to us. During his first week in Fiji, he requested a local village chief send "three men to do an eight-hour job of clearing a field." Each of the three men was to be paid an hourly wage. Early the next morning, the entire group of able-bodied men from the village showed up to do the work. The expatriate, reasoning that he didn't need the forty of them, explained to us, "I asked the group to select three men to do the work. Then I asked the rest to go back to the village."

The chief responded that if all forty men cleared the field, they could complete the work in one or two hours, then go back to the village to do other work. Further, the chief requested that the men not be paid individually. He explained to the expatriate that he would take

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the money for all of the workers and put it in the village fund, a traditional communal means for equally distributing money.

We asked the expatriate what his response had been. He proudly told us that he sent the chief and villagers away, only to pay higher wages to the three Fijian Indian contract workers he transported from a nearby city. The process of forty men doing the work of three men, in one hour instead of during an eight-hour day, had perplexed him. He also did not understand the purpose of the village fund. He summarized his story by commenting on the work ethic of Fijians, saying, "They are not motivated to be productive. They don't seem to have any individual initiative!"

The cultural values influencing his decision-making and how he chose to implement his decision were not aligned nor adaptive within the context in which he was operating.

This simple case illustrates the clash of very different models of productivity based on opposing values of how to do work. The expatriate was guided by a cultural orientation based on the principles of so-called "scientific management." His explanation of his approach to the job of clearing the field and organizing workers revealed his Western orientation to productivity. The chief, on the other hand, did not care about the time and motion assumptions of the expatriate but, instead, saw an opportunity to get the work done as quickly as possible, utilizing a collective work group. Each man had responded to the situation from his culturally conditioned view of productivity.

Thus, the expatriate manager was unable to think beyond his culturally prescribed model of productivity. His underlying assumptions and values did not permit him to consider employing the forty villagers to do the job that "should" have taken only three or four men. The expatriate's concern with time and labor scheduling actually cost him money and time in the end, as he had to wait several days to import from the city workers who shared his cultural prescription. The expatriate was caught in a cultural trap of his "one best way" (Trompenaars and Hampden-Turner, 1998). His strongly-held beliefs about productivity prevented him from seeing the possibilities of adapting to his new environment.

The chief and the villagers were equally frustrated. Outside revenue was needed as the villagers were attempting to participate in the nation's economic development initiatives. They had hoped that the forestry enterprise opened on the land leased by the expatriate would be a new source of cash input for the village fund. The school and church needed repairs. Many villagers also hoped to bring modern conveniences to the village, for which they needed additional money. The expatriate's reaction to the chief's proposal discouraged the chief and the villagers, and they viewed future requests from the expatriate with suspicion. There was even talk among the elders of rethinking the terms of the land lease, since the land occupied by the expatriate was owned by the village.

Certainly the expatriate would have been more effective in getting the field cleared if he had been more sensitive to the cultural context of his decisions. His limited appreciation of the local village culture operated to block a successful change intitiative. The cultural values influencing his decision-making and how he chose to implement his decision were not aligned nor adaptive within the context in which he was operating. Although he got the job done in the short-term in a way that made sense to him, the larger problems he created were clearly maladaptive.

Change Does Not Always Create Adaptation

It is important to understand the difference between mere change in an organization and

change that is adaptive. Change involves any new allocation of time, resources, or priorities by people within an organization. But change is no guarantee of successful adaptation as can be seen by the two examples presented. Adaptation always involves creative problem solving in which the change leaders bring about a successful and sustainable alteration in the nature of the relationship between the organization and its environment. When change does not involve adaptation, the result may be only additional activity layered on top of an organization's existing culture, often creating a situation worse than the startng place as, once more, is illustrated in the next example.

Innovation that decreased productivity. A casino hotel general manager in the Caribbean asked the human resources director from the corporate office in Miami to determine the cause of a "labor issue" in one of the property's restaurants. Upon her arrival, the human resources director spoke with the general manager to assess the problem. The general manager related that, for the past six months, what had historically been a well managed and high quality food outlet in the hotel had recently become a problematic and troublesome enterprise. Customer complaints regarding the service and the attitude of the employees had greatly increased during that period. Several long-time employees had resigned. Many others had complained about having too much work to do. There were rumors of a possible grievance against management.

She next met with the waiters in the restaurant. After gaining their confidence, she learned from the waiters the source of their frustration in the workplace. "We work twice as hard now. Ever since the new computer (a point of sale terminal located in the customer service area) was installed six months ago, we don't have the time to do our jobs."

"But I thought the new technology was designed to make your life easier," she responded.

The waiters explained to her that since the new computerized system had been installed, they took the customers' orders, entered them in the terminal in the service area, and then went to the kitchen to tell the cooks what they had entered in the terminal in the service area.

"Wait a minute," she responded. "Why do you have to go to the kitchen to tell the cooks what order you placed in the terminal? I thought they had a visual display terminal in the kitchen to tell them the orders you placed from the service area."

After a few anxious moments, one of the senior waiters revealed the waiters' secret to her. "Yes, that is true, *but the cooks can't read.*"

She discovered that the technology-consulting firm that had installed the point of sale computer system had not bothered to assess the skills of the restaurant staff. Instead, they installed the terminal, met with the restaurant manager to "train him" in its use, and then left. Meanwhile, the cooks were concerned that they would lose their jobs due to their inability to read. Their long-term friends, the waiters, had been covering for the cooks to protect them from management.

The general manager and restaurant manager had been unable to understand why the problems had developed in the workplace. They had introduced a new technology to keep the restaurant in vogue with current trends in accounting and information systems, but they had failed to discover important information about their workers beforehand. As a result, a system designed to increase productivity had produced the opposite outcome. Change had occurred, but it had not helped the organization

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adapt. In fact, productivity had been on the decline because of the maladaptive way in which the the new technology had been implemented.

Managing our extensions. Ours is a unique opportunity in human history. For the first time, we have evolved our knowledge of human organizations and leadership to such a high level that we can control our very culture and consciously adapt it to be compatible with constantly changing environments. If we think deeply on the issues facing us, we have great promise for designing ways to beneficially adapt. However, adaptation will not come easily to us if we are not prepared to rethink our ideas and practices concerning leadership and take a proactive path toward our futures.

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Edward Hall, in his classic book *Beyond Culture,* cautions us not to become overdependent on technological extensions for solving our problems. "There are two related crises in today's world that we must recognize. The first and most visable is the population and environmental crisis. The second, more subtle but equally lethal, is humankind's relationships to its extensions, institutions, ideas, as well as the relationships among the many individuals and groups that inhabit the globe." Hall feels that "if both crises are not resolved, neither will be" (1976: 1).

Hall warns us that technology alone will not solve our problems. Despite our faith in technology and our growing reliance on technological solutions, he does not feel that there are technical solutions to most of the problems confronting human beings. Furthermore, even those technological solutions that can be applied to environmental problems can't be applied rationally until mankind transcends the intellectual limitations imposed by our institutions, our philosophies, and our cultures.

Most of the adaptive problems we now face are the result of going beyond our human capabilities through creating what Hall called our extensions, i.e., our innovations, both social and technical. Extensions include creative solutions to organizational problems in which the solution involves a recombination of old ways into new forms. For example, all new technology innovation involves such recombination of existing knowledge. Even new forms of governance or social organization involve extensions, though these are not often recognized as such. Reconciling seemingly opposing values of stakeholders can also be seen as a form of extension. In other words, Hall (1976) believes we create extensions whenever we move beyond our existing biological and cultural limits, whether those limits are social or technological.

If we understand how our extensions affect the world in which we operate, then we may be able to create conscious adaptive processes that ensure a sustainable future. It is crucial for adaptive leaders to recognize that innovations through extensions have not always led to adaptive outcomes for humankind and especially that short-term change solutions often lead to long-term adaptive problems. Our most basic adaptive dilemmas stem from problems with our extensions, e.g., warfare is a result of human extensions and pollution often results from extensions of new technology.

Maladaptive extensions may enable us immediately to go beyond our limits, but in the greater context cause us to create a cultural trap for ourselves. How humans manage their extensions may determine whether our future evolution is adaptive—and whether we indeed survive as a species. Adaptive extensions are

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processes that go beyond our biological and cultural capacity in ways that are sustainable for all stakeholders and enable organizations to harmoniously fit into the widest contexts in which they are embedded.

Extensions often permit human beings to solve problems in satisfactory ways, to evolve and adapt at great speed without changing the basic structure of the human gene pool. One purpose of an extension is to enhance a particular function of the organism: the knife does a much better job of cutting than the teeth. Language and mathematics enhance certain aspects of thinking. The telescope and the microscope extend the eye, while the camera extends the visual memory system. The Internet extends our capacity to communicate across large distances and our ability to organize information.

It is easier to see this in our material technology, but this is equally applicable to our social and organizational forms. If humans can learn to create new ways of organizing and leading that foster adaptation instead of cultural traps, that process would become a social extension that could have enormous implications for our sustainable futures. We would be creating an extension that enabled us to manage our extensions adaptively. We would go "beyond our culture" as Hall has suggested in his book.

Likewise, leaders do not become adaptive leaders by merely reading a book on the topic. They cannot add a list of "adaptive tasks" to their daily routines. Adaptive leaders must make fundamental changes in their basic perspectives, values, and behaviors involving the way they manage information and people.

Challenges of Adapting

In the latter half of the twentieth century, many leaders began to realize that things were not the same as they had been during the Colonial and Industrial Eras. For the past three decades in particular, the most recent wave of globalization has exerted a major influence in reshaping our ideas about leaders and what makes them effective.

First of all, adaptive leaders need to understand culture and how it shapes the way we do things. To be truly adaptive, an organization must have a fundamentally new structure; its leaders and employees must commit themselves to very different behaviors and responsibilities. Traditional organizations cannot just add, "adapting" to their current set of goals or capabilities. They must *become adaptive* organizations, with different cultures. That new culture must be open to future changes that are predisposed to self-renewal and redesign (Haeckel, 1999).

Furthermore, adaptive leaders know how to assimilate information from the apparent "noise" in their environments and then find ongoing ways to accommodate their organization to outside changes. Adaptation is essentially systemic change. But it is more than that. It involves a leadership response that enables an organization to cope successfully with ever-shifting internal and external environmental demands. During continuous periods of change, adaptive leaders must be open to signals from their environments to be able to make fundamental and continuous changes in their organizations.

Thirdly, adaptive leaders need to be able to cope with cultural differences. Diversity, combined with changes created by rapidly evolving technological, political, and economic climates, has created many dilemmas and challenges for contemporary leaders in all nations. It has become increasingly obvious that the world is very diverse, populated by many groups of people with different ways of doing things. Leaders must be able to interact with a variety of people who do not always share

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their way of seeing the world or their view of how to organize and manage.

Finally, adaptive leaders need holistic and sustainable visions. Adaptation is not a process of adding more to what we are currently doing. Instead, it requires a fundamental change in how we see the world and the systems we have in place to respond to it. The very nature of organizations, including their information systems, customer interface, and product development, need to be reconsidered. Perhaps the first step is to be able to recognize the nature of the organizations we have and recognize their shortcomings when our contexts change. The following case illustrates this need.

Are you sailing a square ship? Many contemporary leaders have difficulty in navigating and adapting to the often unsettled waters of change. When hindered by an inappropriate and perhaps outmoded design, an organization will not perform well and may be further burdened by the misdirected and maladaptive efforts of leaders.

Imagine that you have been appointed the managing director of an ocean shipping company in the Mediterranean. Upon arrival at the company's operations in Athens, you observe that your flagship is struggling to leave the habor. To your amazement, you can also see that the hull of your flagship is square. You are further amazed that no one else on the company wharf seems to notice the flagship's square design. Instead, the crew and officers, as well as a tugboat, are all working very hard to get the ship and its cargo out of the harbor. To you it is obvious that the ship is restricted in its movements by its ineffective and inefficient hull design. No matter how hard the crew may work to improve the performance of the ship, it simply won't move at a reasonable rate of speed.

What would you do to respond to the situation? Find a motivational speaker for the crew? Increase the training budget for the crew? Downsize your crew? Apply pay-for-

performance? Bring in a consultant with still another management fad? Unfortunately, these "remedies," which are often used by contemporary leaders as change initiatives, would have little impact on the real cause of the ship's performance, its design. In fact, applying such remedies may divert attention and resources from fixing the real problem.

This case has great relevance for many government, community, and corporate leaders who likewise feel frustrated when they attempt to change their organizations to meet the demands of participating in the new global economy. Instead of realizing that their real problem is a "square" ship, they focus on the inability of employees or other stakeholders to produce expected results. They implement the newest management fad instead of adapting organizational systems and practices to fit stakeholders and contextual needs. Their maladaptive failure results in problems for both the leader and the organization.

Adaptation . . . requires a fundamental change in how we see the world and the systems we have in place to respond to it.

In summary, if we want to create more adaptive leaders, we need to rethink our fundamental notions of leadership and organization. In particular, skills and perspectives relating to culture competency, knowledge acquistion and use, reconciling diversity issues, and holistic and sustainable vision may provide a useful frame of reference in reconceptualizing our understanding of adaptive leadership. We believe that these concepts are essential elements for the toolkits of adaptive leaders and that they should be taught as the basic curriculum core in university, corporate training, and other educational programs.

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A Model for Understanding Adaption

Is there a basic social and organizational dynamic that explains adaptation? We believe so. Throughout our years of research and experience with the concept of adaptation, we have noted a common process that appeared to be shared by adaptive leaders. That common process is based on a simple adaptive dynamic.

Our model for explaining adaptation is inspired by work of Jean Piaget, the noted developmental psychologist. Piaget (1971) provides us with insights into human development, specifically about how we learn as we grow and mature. We believe, as do others who have addressed the issue of adaptation (De Geus, 1999), that Piaget's explanations of individual learning can be modified to help us better understand the dynamics of adaptive leadership.

Piaget's concepts enable us to assess the ways in which leaders perceive and interact with their environments. We have expanded his concepts of assimilation and accommodation to help us to explain why some leaders and organizations are adaptive and some are not.

Piaget describes the concept of learning by *assimilation* to mean taking in information for which the learner already has structures in place, enabling him or her to recognize and attach meaning to the information being received. The activity most people have in mind when they think of learning is being exposed to facts and assimilating them intellectually. When we learn by assimilation, according to Piaget, the lectures and books of conventional school learning are sufficient. When a teacher in a conventional classroom lectures to students, they are expected to assimilate the information being provided by that teacher. Such learning involves an additive process, with facts, figures, and other details being remembered by the students.

In many organizations, the information used in making decisions about operations is based on assimilation. Arie De Geus (1997),

an early proponent of the "learning" organization concept, has taken Piaget's model of learning and applied it to organizational settings. He provides the example of bank managers who instantly recognize and respond to an increase in the interest rate to illustrate assimilation. The bank has procedures and structures in place to give meaning to this signal. The organization, at all levels, is ready to "digest" it—to come to conclusions and to act on it in decisions about deposits, loan transactions, money market operations, and all other bank business.

Also, De Geus explains that in companies when an expert or a consultant teaches, he or she stands up in a management meeting and doles out wisdom. Thus, attendees are taught to see the world according to the current organizational culture, its values, and practices. Rarely will information that does not fit the existing beliefs and values be accepted, since the goal of such training is to reinforce the existing culture.

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Complementary to the concept of learning by assimilation is another concept described by Piaget, learning by *accommodation*. In this type of learning, the learner undergoes an internal change in the structure of his or her beliefs, ideas, and attitudes. De Geus further develops this concept in organizational settings. He sees learning by accommodation as an experiential process by which the learner adapts to a changing world through in-depth trials in which the learner participates fully with both intellect and heart while not knowing what the final result will be. One example he offers is that of an expatriate executive who spend years on assignment in another country and culture and who may have difficulty with repatriation because he or she has developed a different

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way of perceiving the world due to that experience.

Learning, as described by Piaget and interpreted by De Gues, becomes adaptive when both assimilation and accommodation are included in the process. Assimilation of relevant information accompanied by accommodation to that assimilated data need to occur together for successful adaptive responses to happen. This interrelationship between the environment and the learner actually makes the learner grow, survive, and develop his or her potential. When someone assimilates without accommodating or accommodates without assimilating, the learning is unlikely to lead to an adaptive response.

Piaget's concepts of assimilation and accommodation therefore have considerable value when applied to the understanding of decision-making in organizational and natural settings. We have developed a matrix that explains the variation in processes for learning, leadership, and adaptation in organizations.

Figure One illustrates the interaction of assimilation and accommodation in four types of adaptive situations. Note that the most adaptive response is the one that makes use of both high assimilation and high accommodation in the leader's learning approaches. In other situations, when leaders rely on only assimilation or only accommodation, they inhibit their adaptive capacity. When leaders do not rely on either assimilation or accommodation, they become immersed in a maladaptive cultural trap and their organization probably will not survive in the long term. The following three cases exemplify the failure to utilize fully both assimilation and accommodation in achieving adaptation, followed by a case in which adaptive change did occur.

Figure 1
Leadership Responses to Change

		Assimilation	
		Low	High
Accomodation	Low	Maladaptive cultural traps	Natural Selection
	High	Serendipity	Maximum Adaptive Potential

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Maladaptive Leadership: Cultural Traps

Paul Bohannan (1995) describes cultural traps as the condition in which our culture prevents us from seeing the need for adapting to changes in our environments. Cultural traps are a term we use to describe what happens when the leader and organization employ low assimilation and low accommodation learning processes in their decision making strategies. When leaders and organizations get caught in cultural traps, they are unable or unwilling to change. Despite the signals they receive from their environment, they remain the same, convinced that the way they have always done things is the "one best way." A leader who is closed to learning from both assimilation and accommodation will eventually become caught in a cultural trap, regardless of how successful he or she has been in the past.

IBM in the 1980s. IBM's history provides a classic example of a "cultural trap." For almost three decades, many leaders viewed IBM as a model business. The image of cadres of pinstripe suit-attired executives symbolized IBM's homogenous organizational culture.

The company's successful track record and performance in the 1960s and 1970s was legendary. Then the environment changed in the mid-1980s. Personal computers were on the verge of a market explosion, while IBM continued to focus its efforts and strategies on the mainframe business. IBM's leaders were unable to see the need for change in their core business. The leaders considered only information that fit their previous view of the world around them.

The results were devastating for the company. It has taken more than a decade for IBM to recover a position of prominence in the industry, and even now, it is not the market leader it was prior to the 1980s. The homogeneous and close-knit IBM culture had been so successful in the past that it created its own cultural trap.

Leading Change By Chance: "Natural Selection"

"Natural selection" is a term used to describe what occurs when leaders collect a lot of information from their environments (high assimilation), but do not use it to make any real changes (low accommodation). In such high assimilation and low accommodation decision making, leaders often are very well informed, but for whatever reason take little adaptive action.

Much like its biological counterpart, natural selection in human organizations involves passive adaptation, with leaders unwilling or unable to make fundamental changes in the way things have been done in the past. Additive changes, such as downsizing or even increasing staffing, are common-place in such organizational settings. But more substantive changes in systems, values, and beliefs are not accepted nor sought. In such situations, downsizing becomes a 'last resort' for leaders who have not responded to the information they have been receiving about the need for changes in their organizations.

Slightly less disabling than a cultural trap, natural selection leaves the adaptive success of the leaders and organization to chance. Leaders who operate by natural selection can have volumes of information telling them that the world around them is changing, but still they do nothing. Outside forces control his or her adaptive destiny, due to the lack of accommodative practices. If the organization proves incompatible with the environmental changes, then it may cease to adapt and may not survive.

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Predicting tourism growth in paradise. A marketing vice president of a regional airline that had experienced considerable growth during the past decade presented an analysis of the economic growth of a small island nation before a group of financial and accounting executives at a conference.

His positive outlook for the growth of the nation's tourism was supported by polished graphics illustrating recent years' growth trends. The numbers of inbound passengers had grown in a linear fashion, and his speech left no doubt that this growth would continue. The government of the nation had made tourism a major focus in recent years and had committed several million dollars to advertising the nation's attractions in global markets. Visitors raved about the beauty of the nation's beaches and the weather. The local people were increasingly employed in resorts and other tourist-related enterprises.

The vice president conveyed to the audience that his airline had just completed a strategic plan, which included purchasing new aircraft and establishing new routes to important international markets. When asked by a member of the audience what the future held, the presenter could only say positive things about the future.

Five days later, a political coup replaced the government. A new government was formed to satisfy the majority ethnic group's desire for greater political representation and equal economic access. The consequences for tourism in the small nation were drastic. Tourists, fearing violence in the aftermath of the coup, cancelled their reservation in droves. The airline load capacity went from ninety percent before the coup to twenty percent after it. Resort occupancy was around twenty percent; some resorts even closed. The bright future described by the airline executive only five days before the coup was no longer in sight. The nation's leaders began thinking and acting in basic survival mode.

The airline executive had assumed that the past would predict the future in developing the strategic plan. Despite the voluminous amount of data collected, the perceptual process of the airlines' leadership did not let them see what was coming. The leaders ignored the social unrest that had been signaling the possibility of a coup. In fact, they had been oblivious to the signals they were receiving from the community, choosing to see their linear models and projected future as reality.

Also, they did not accommodate their decision-making structures to consider the type of data they actually needed, i.e., they failed to accommodate even though they were assimilating all of this information. Had the leaders been more open to data that did not fit their mindsets, they might have been able to develop other scenarios and responses. Natural selection took over as the environment changed, but the airlines executives and tourism leaders did not cope with the needs of various stakeholders in the destination. The result was maladaptive for the airline.

Change For The Sake Of Change: Serendipitous Adaptation

This third type of learning and decision-making approach involves constant change in the absence of appropriate or sufficient input or feedback. The leader who employs this approach is fortunate if, by chance, the change initiative he or she selects actually fits the context, including stakeholders and organizational needs.

This condition, which we call *serendipity*, occurs when the leader employs high accommodation and low assimilation in making decisions. Leaders bring in one change intitiative after another, but seldom are aware if any real adaptation has occurred. Change is the mantra of leaders in the boardroom and the workplace. Unfortunately leaders may be chanting change without any enduring concern for whether and how the change initiative

actually fits the organization and its stakeholders.

If the leaders in serendipitous adaptation get lucky, the change they implement may actually help the organization accommodate itself to demands for adaptation. But this fortunate adaptative process will not assimilate information from the environment to provide feedback from stakeholders. Sometimes change may not even be what is needed to help the organization adapt. And how often can luck be relied upon?

Marketing in Eastern Europe. An electronics firm with its home office in the U.S. made a major investment in developing its operation in Eastern Europe. However, market share in Eastern Europe had been declining as word of the company's "bad" reputation spread. The Eastern European marketing director, an American who had arrived from Chicago less than six months earlier, had initiated a number of changes as soon as he arrived. A performance management system based on quotas and individual performance evaluations was his main focus in the massive change process. He terminated several of his distributors' contracts for poor performance in meeting the prior year's annual quotas. Even high performers among the Eastern European distributors were uncertain of their status with the company.

The vice president of international marketing from Chicago headquarters was very concerned by his company's declining sales in this very important region. He made a special trip to visit the newly appointed Eastern European marketing director and also interviewed several of the distributors to get at the source of the difficulty.

His discussions with distributors revealed that that the new regional marketing director had disrupted their trust and relationships with the company. The distributors complained, "We work on the basis of relationships, and terminating the low performers disrupted those relationships." They also pointed out that their

region was different than Chicago where the new regional marketing director had been successful in building markets for the company's products. When the vice president relayed the comments of distributors to the new marketing director, he dismissed the distributors' comments by stating, "Marketing is marketing, no matter where you are. If the distributors can't perform, then we have to find individuals who can."

This case illustrates a manager who was concerned with change, but in a serendipitous way. He had attempted to implement change initiatives, notably the performance management system, but had not been open to the messages he was getting from the field operations. His attempts at accommodation were thwarted by his reluctance to listen to the distributors. Once again, the result was maladaptive change.

Adaptive Leadership

Maximum adaptive leadership potential is possible when we can combine high assimilation and high accommodation processes. Leaders make decisions and create accommodative changes based on careful and continuous review of information they receive from the environment.

Leaders with adaptive potential scan the horizon constantly, looking for signals they might use to accommodate themselves and their organizations to challenges from their environment. They don't change for the sake of changing. Change is appropriate to the context, stakeholders, and organizational need. In other words, these leaders operate from a state of perpetual accommodation and assimilation. They use the information they receive from assimilation processes to make decisions that permit them to accommodate their organization to the challenges of a specific time and space.

Bill Gates in China. Gates, an icon of the information age, provides an example of an

organizational leader who did not let previous success in other countries get in the way of potential success in a new context. Microsoft's initial efforts to build relations in the Peoples' Republic of China and expand into that country's large market were not as successful as planned. Thus, when a Chinese leader told Gates to "spend some time in China to get to know the country," Gates, his wife, and another couple toured China for a month, biking in the countryside to become familiar firsthand with the Chinese ways of doing things.

Gates benefitted from the experience and, as a result, rethought his strategy for developing Microsoft in China. For example, he revised his approach to include: 1) training locals so that Microsoft could employ them to manage their interests in the PRC; 2) overlooking different values on intellectual property with the longer-term vision of market domination in the PRC context; and 3) adapting Microsoft to the PRC's ways of doing business for long-term competitiveness.

Adaptive leaders, such as Gates in this example, effectively use assimilation and accommodation in their decision-making processes and are able to respond appropriately in a variety of situations. Sometimes they create changes, but in other situations they simply maintain what has been done in the past. Adapting does not always require changes. In some cases, adaptation involves finding ways of using the past to get to the future.

The Inca Empire. Before European contact, the Incan empire was one of the most powerful and wealthy in the Americas. In the 14th century, the Incas controlled a territory more than 1,500 miles long in what is now Equador, Peru, and Chile. The Sun King was the Incan political ruler and also a primary deity of the Incan religion in a highly centralized and very efficient nation-state.

When newly arrived Spanish conquistadors, under the leadership of Juan Pizarro, captured the Incan King outside the Incan capital, the result was an almost immediate and complete surrender of the powerful and militarily effective Incan nation to a handful of Spanish. Due to the highly centralized structure of the Incan empire, there were no alternative means of organizing and managing the society once its king and deity were removed.

Prior to the arrival of the Spanish, the Incan culture had served its people and state well. However, when the context changed with the introduction of the Spanish and their lack of fear and respect for the Incan deity, the Incan culture no longer had adaptive potential. Its past success and that of the culture that had evolved around it was the very cause of its failure to adapt to the loss of its deity and ruler. The Incas could not overcome the void in decision making and leadership created by the capture of their leader. They were caught in a cultural trap that the Spanish used, perhaps unknowingly, to their advantage.

The Incan case illustrates how devastating this failure to question of existing premises can be. It also illustrates the maladaptive influence that an ideology can have over a group of humans when the circumstances that had made that ideology previously adaptive have changed. In this case, an entire nation was caught in a trap originating from restrictions inherent to its culture. Since the Incan king was thought to be supernatural as well as human, his capture left the Incas without any options for accommodation to the Spanish invasion.

Questioning what is "true." It is important for adaptive leaders to be able to think deeply and widely about the issues facing their organizations. Questioning premises that we may not know we hold is a very necessary skill for such thinking, but is definitely not easy. Before Copernicus, people did not know that they held the kind of ideas about the structure of the universe that we today associate with Ptolemy; they were convinced that their old perceptions of the earth, sun, and moon were "correct." It took centuries for Copernicus's

ideas to be generally accepted (Bohannan,1995).

Questioning old premises creates discomfort both in ourselves and in the people around us. We are usually loath to do it even when we know how. We must reassure ourselves that the social order and we will both survive when our premises are in question.

Culture is so firmly embedded in all forms of human organization and so slow to change on its own that it usually serves to perpetuate the status quo. The key challenge for leaders is to proactively shift the culture into alignment with the new demands of constantly evolving contexts. Following are illustrations of some premises that are based on cultural beliefs that may need to be adapted to new contexts in the future.

Is growth good? One specific assumption that is implicit in many of our current understandings bears a resemblance to the type of trap that devastated the Incas, namely assumptions about the unquestioned benefits of growth. Many leaders, particularly those who hold Western perspectives, see growth as a natural process. Growth is considered good and is one of the goals of those leaders. Stock markets, GNPs, and corporate profits, for examples, are evaluated in a growth mindset despite the fact that the world and its resources have limits.

Yet history shows that growth has not always been adaptive. The world is full of examples of places that initially experienced rapid growth as tourist destinations only to enter eventually into a state of decline. Government leaders, investors, area communities, and tourism executives have made profits for a period of time only to find later that they popularity contributed to their own demise. Locals initially see tourism as the "goose that lays the golden eggs," only to find that "all that glitters is not gold." Tourists find that advertising promises do not meet the reality they deliver upon arrival at the destination. Crime rates rise and security services replace previously unlocked doors. Crowded and polluted beaches replace paradise. The implications of this tacit assumption of the value of growth are illustrated in the following example.

Assessing tourism and development. The Bahamas is a nation where tourism has been the primary source of investment and economic development since 1960. It is estimated that 80 percent of that nation's gross national product is directly or indirectly associated with tourism.

Two of us were involved in a nation-wide study of the Bahamian tourism product in the 1980s (Glover and Friedman, 1982). This national assessment of the tourism industry for the Bahamian government involved interviews with managers, employees, union leaders, and guests on six of the islands and was sponsored by the Bahamas Ministry of Tourism and the Bahamas Hotel Training Council. The study revealed that only 16 percent of the visitors to the Bahamas expressed a desire to return for a second holiday visit. Government and business leaders became concerned with the problem. They were spending millions of dollars to promote the island as a tourist destination, and apparently the product was not meeting the expectations of first-time visitors.

Closer examination of visitor exit data found that the return rate was much higher —as much as 50 percent—for the more remote and less developed islands. Even though overall visitor satisfaction levels were low for the nation, dissatisfaction appeared to be much greater in the more developed tourist areas of Nassau and Freeport than they were in remote islands of Abaco, the Exumas, or Andros.

The results revealed that employees in the more developed resort destinations felt alienated from their work and had little sense of identity or ownership of the tourism industry. Many had moved from their families and communities in the outer islands to live in the heavily populated Nassau area and performed menial service work in hotels or other tourist-

related establishments. The neighborhood where they lived was known as "Over the Hill" and was a typical urban slum with the associated problems of crime, juvenile delinquency, pollution, and shabby housing.

Fifty-three percent of the tourism employees interviewed expressed general dissatisfaction with their jobs. A majority also appeared to resent the changes, resulting from tourism development that had happened in their nation. Many were concerned that the money from tourism did not appear to stay in the Bahamas. There was general dislike for the expatriates who managed the larger resorts. This dissatisfaction manifested itself in the establishment of a *middle management union*, comprised of Bahamians who held department head and supervisor positions. This union was a constant source of irritation to outside investors and expatriates working in Bahamian tourism.

In the remote islands, conditions were quite different. Local villages contained close-knit families and communities that provided workers for the resorts. Locals appeared to genuinely enjoy the tourists who visited their island. Although foreign investors owned some of the more remote resorts, locals owned many small cottage industries and guesthouses. When we discussed tourism with locals, they expressed a generally positive attitude toward the guests who visited their communities.

The Bahamas experience with tourism has a moral. Tourism, especially in island destinations where the people and the natural environment are a major part of the product, is essentially a social experience. As a social experience, tourism cannot be isolated from the community in which it is developed. The product includes the local people, their culture, and their hospitality. When the tourism industry does not recognize and treat local culture and tradition as an asset, development will eventually erode this very product that made the destination successful in the first place.

There are numerous other commonly held premises that can prohibit adaptation. One such premise that seems to be particularly subject to such tacit assumptions in Western cultures that value "progress" concerns the belief that technological advancement is always a positive factor. Technological changes thus may be heralded as answers to many problems and are often accepted without question as totally good. However, we often discover that a particular technological extension has side effects on the very people and environment it was designed to serve. Automobiles are essential to individuals in Los Angeles. They use them to cover large areas of urban territory in relatively short periods of time. However, one only has to fly into Los Angeles on a smoggy day to realize the maladaptive features of the automobile.

In addition, computers and the Internet have brought many new technological advantages. However, there have been downsides as well. Viruses have created havoc in corporate operations; customers often have difficulty in finding a human voice associated with customer service functions of organizations; and the "haves and have not" gap has been made even more clear by the differential access of different nations and socioeconomic groups to the benefits of computers.

In summary, adaptive leadership does not come easily and requires us to continuously use assimilation in order to be in touch with our environments, watching and listening for signals of change. It also requires us to be willing to accommodate, even in areas where we may be convinced that the status quo and our assumptions are unquestionable. Only then can we find fundamental ways to build adaptation into how we organize and live our lives. In Part Two, we will explore perspectives and skills for developing adaptive leaders.

Catch the pigeon but watch out for the wave.

Samoan proverb

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Adaptive Leadership (Part Two):

Four Principles for Being Adaptive

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Abstract

In Part One ("Adaptive Leadership: When Change Is Not Enough," Summer 2002, Volume 20, Number 2) we discussed the need for adaptive leadership. In this article, Part Two, we discuss four principle ingregients for enhancing adaptive potential: cultural competency; knowledge management; creating synergy from diversity; and holistic vision. We believe that these four principles, when consciously developed by a leader or organization, will enhance their abilities to respond more adaptively in a contempory global context.

"Assimilation and accommodation are not two separate functions but the two functional poles, set in opposition to each other, of any adaptation."

<div align="right">
Jean Piaget,
in *Biology and Knowledge* (1971: 173)
</div>

We believe that our adaptive leadership theory, described in Part One, provides a useful model for leadership, given the context of the world we live in today. Over the last two decades, the pace of change and level of complexity experienced by organizational leaders has been unprecedented. Never before have leaders and their organizations been faced with so much information, choice, diversity, competition, and time pressure. Leaders' attention is shifting more and more toward acquiring knowledge, developing globally-appropriate strategies, stakeholder-based economic and community development, discerning and meeting customer needs, creating more responsive and effective governments, tracking marketplace changes, implementing change, transferring technology, and monitoring workplace demands. Long gone are the days of simply worrying about employee productivity, motivation, and the supervisor-employee relationship.

Traditional theories and practices for leading (such as trait theory, leadership style theory, situational leadership theory, and contingency theory) were created predominately in the 1950 and 1960's and provide only partial guidance to leaders of today. These approaches, which Burns (1978) calls transactional leadership models, focus solely on the exchanges which occur between leaders and their followers (Northouse, 1997). Even transformational leadership theory, which was created in the 1970's and which Burns distinguishes from transactional models, still focuses on the leader in relation to his followers.

Our adaptive leadership theory, however, focuses on more than just the traditional concern for the leader-follower relationship.

Although our theory acknowledges the importance of the leader-follower relationship, in addition we focus on leaders' relationship with the contextual environment. Contextual environments within which leaders and their organizations operate are considered in synchronic and diachronic perspectives. It also focuses attention on and speaks to the process by which leaders change or do not change in response to interactions with their environment. Within the perspective of our adaptive leadership theory, leaders make decisions and act with a conscious understanding of how their behaviors are broadly relevant to time and space, not just for one organizational setting within a singular moment of time. Prevalent leadership models in the popular management literature seldom address these synchronic and diachronic dynamics of human adaptation in their explanations, which we see believe is a fundamental shortcoming of these approaches.

Unlike traditional and transformational leadership theories, our adaptive leadership theory does not advocate certain behaviors or styles as prescriptions dealing with specific situations. We leave room for the creation of perspectives, behaviors and solutions that are appropriate for changing times, even perspectives and solutions that have not yet been conceptualized.

Our research and experience has led us to conclude that there are several critical elements involved in the understanding of such a pervasive and universally applicable concept as adaptation. First of all, a model is needed that can be applied holistically to explain the dynamic interaction of biology, culture, and environment on leadership. Secondly, the predisposing influences on adaptive decision-making need to be identified and included in any conscious attempts to increase our adaptive capacity. And finally, we need to identify relevant principles, knowledge, and skills that can be used to improve and enhance our adaptive potential as leaders in today's contemporary global context.

Applying a Holistic Model

In Part One, we presented a model, based on the work of Jean Piaget, which can be applied holistically to understand adaptation. We believe, as do others who have addressed the issue of adaptation in organizations (e.g., De Geus, 1999), that Piaget's explanations of human development can be modified to help us better understand how leaders and their organizations develop adaptive capacity. His work as a biologist led him to develop a very useful dynamic model of the human adapting and learning process, the dynamics of which we have applied in an expanded form to issues concerning leadership and organizational development.

Piaget's concepts of assimilation, accommodation, and equilibration provide a foundation to enable us to assess the ways leaders perceive and interact with their environments.

Piaget's concepts of assimilation, accommodation, and equilibration provide a foundation to enable us to assess the ways leaders perceive and interact with their environments. He describes the concept of learning by *assimilation* as taking in information for which learners already have cognitive structures in place, enabling them to recognize and attach meaning to the information being received. Learning by assimilation can be illustrated by the lectures and books used in conventional classrooms. Information taken in from those sources is passively added to that which is already known.

Intertwined with the concept of learning by assimilation is another concept Piaget describes as *accommodation*. In this type of learning, the learner undergoes an internal change in the structure of his or her beliefs, ideas or attitudes. Accommodation is a much deeper level of learning that may very well engage the intellect and the heart of the learner

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(De Geus, 1999). Experiential learning, in which a learner actively struggles with acquiring knowledge, typically is more of this sort.

It is important to realize that human adaptive processes involve both assimilation and accommodation. One or the other by itself is not sufficient for successful adaptation. Piaget notes that human adaptation occurs through the ever-present dynamic of assimilation and accommodation as we interact with our environment. He refers to this dynamic as *equilibration*. The degree to which leaders are able to achieve this dynamic equilibration process largely dictates their ability to adapt in various contextual circumstances of changing environments. Thus, if a leader attempts to adapt to changes using only assimilation or only accommodation, he or she will most likely not be successful. Instead, a dynamic interplay or mix of the two learning types is needed.

Equilibration is the key to successful adaptation (1971). We should note that in organizational settings, our conception of learning by assimilation and accommodation is not just that it occurs within an individual, as in Piaget's work with children, but refers more broadly to the learning of the organization as a whole – including its individual members. This is the theoretical underpinning of our approach to adaptive leadership.

In Part One, we discussed four adaptive responses that resulted from varying degrees of the assimilation and accommodation dynamic. Each type of response is presented below with a corresponding example from the authors' experiences in working with leaders.

It is important to realize that human adaptive processes involve both assimilation and accommodation. One or the other by itself is not sufficient for successful adaptation.

Response Type 1: The Cultural Trap

This type of response occurs when a leader experiences a low level of assimilation and a low level of accommodation in response to changes in their environment (Figure 1). In a cultural trap-type response, the leader and organization are closed to options other than the status quo. Their culture, forming the basis for their beliefs and how they do things, operates to close off any thought of options to the status quo. Information from the environment is either not accepted or not processed. There is no desire or awareness of the need to modify how things are currently being done, even when the environment has changed and dictates new leadership and organizational responses. Equilibration is not achieved, as neither assimilation nor accommodation is present in the leader's response to the environment.

An excellent example of this "head in the sand" response is the CEO of a biotech company who "refused to discuss the word 'culture'" as he was finalizing the acquisition of another biotech firm of similar size. He was unable to take in the information (assimilation) about the impact of culture on acquisition success and took no action (accommodation) to mitigate culture-clash risks. Two years after the disastrous decision, he was forced to divest the acquired company. His company's stock had reached an all-time low and the board asked for his resignation.

Response Type 2: Natural Selection

This type of response occurs when a leader experiences a high level of assimilation and a low level of accommodation in response to changes in their environment (Figure 2). Information is coming into the organization, but little is being done with it. In natural selection-type responses, equilibration is not achieved due to the low level of accommodation. Leaders are able to collect a good deal of information from their environments, but they are unable or

unwilling to make any real changes to the way things have been done in the past.

This was all too evident for the president of a home and garden retail company who had a great deal of difficulty making adaptive decisions. Although he was aware of his limitations and had been coached concerning the issues, he was still unable to make timely decisions to initiate systemic changes in his organization in response to changes in the environment. His inability caused a great deal of frustration and missed opportunity for the organization.

Response Type 3: Serendipity

This type of response occurs when a leader experiences a low level of assimilation and a high level of accommodation in response to changes in their environment (Figure 3). When using this type of response, the leader proceeds with making substantive change in the organization, but fails to take in important information regarding that initiative from the environment. Should the change initiative lead to successful adaptation, it is due to chance or luck. The leader seems willing to continue to try new things and ideas, without regard to knowing whether or not they are actually effective. Equilibration is not achieved due to the low level of assimilation.

This was evident when the head of a governmental agency implemented a technology system that did not meet the needs of the organization. The leader had hired a leading consulting firm to perform system requirements analysis that included most key
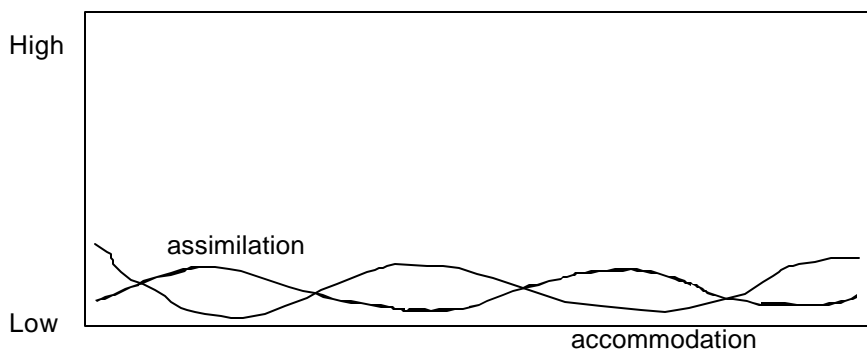
Figure 1
Cultural Trap

Figure 2
Natural Selection
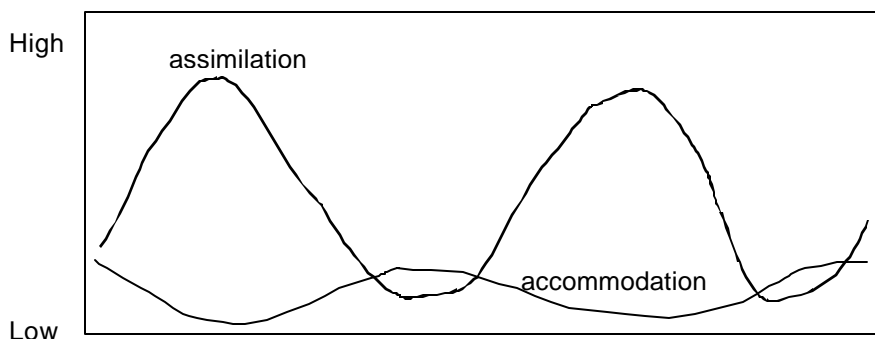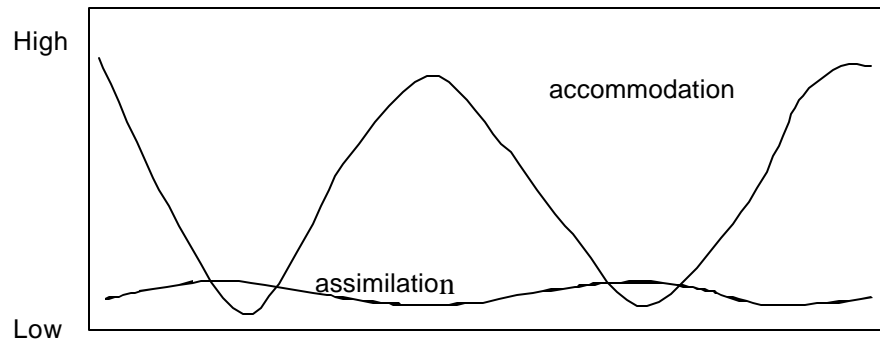

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Figure 3
Serendipity

High

accommodation

assimilation

Low

stakeholders in the process. The requirements reports recommended that the agency implement a specific change initiative but the leader decided to go against the requirements findings and implemented a different change initiative. The implementation was a disaster, went grossly over budget and took four years to complete.

Response Type 4: Maximum Adaptive Capacity

This type of response occurs when a leader employs a high level of assimilation and a high level of accommodation in response to changes in their environment (Figure 4). In this type of response, the leader is able to achieve equilibrium by taking in critical information from the environment and successfully implement changes in response to the information, even if that information challenges the leader's worldview or status. The leader is able to rise above personal needs or predisposing biases and assimilate information from the environment so that both the leader and the organization can adapt as required.

An excellent example of this occurred at one of Johnson and Johnson's business units. The head of their worldwide customer services group began proactively looking for ways to improve the organization and position it for

world-class recognition in the years to come. She employed culturally appropriate strategies to uncover the messy truth about what was preventing maximum organizational performance and was able to synergize diverse interests of many stakeholder groups to formulate new actions. She eagerly took in information from the organization and from the external environment, even when the information challenged her ability, world views and status. She put her personal interest aside and sanctioned the implementation of holistic solutions to long standing problems. Within three years, her group was recognized as "Best in Class" of all of Johnson and Johnson's call centers and she was recruited to serve on the executive team of a prestigious Silicon Valley company.

Predisposing Influences for Creating Adaptive Capacity

We believe that certain predisposing influences may positively or negatively influence the adaptive capacity of leaders and their organizations. Understanding these predispositions enable us to take steps toward achieving equilibration in our attempts at adapting to our environments.

At the most fundamental level, a leader's genetic make-up highly influences the degree

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Figure 4
Maximum Adaptive Capacity
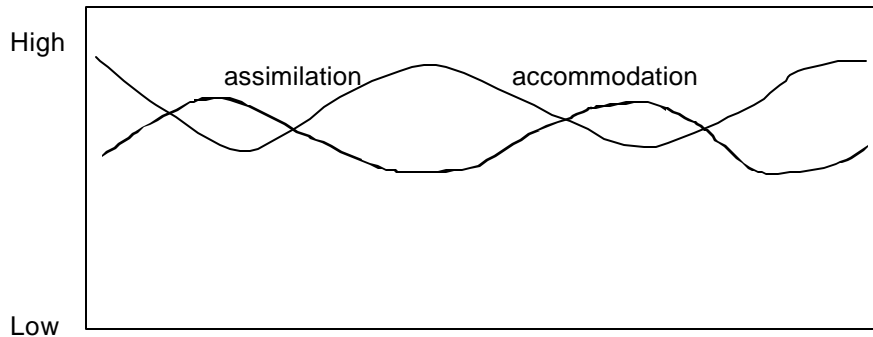
of assimilation and accommodation that they are capable of experiencing. For instance, people who are born with damaged senses or learning disabilities may have difficulty taking in and processing information. Historically, humans have thus far become the most adaptive of species due to biologically inherited traits such as stereoscopic vision, a complex brain, upright posture, and opposable thumbs. Although our long-term adaptive future is being increasingly questioned by many of us, humans have historically combined these genetic traits with cultural knowledge to adapt successfully in most corners of the planet.

A second predisposing factor that influences a leader's adaptive capacity is culture. On a global scale, human culture is the sum of all knowledge we share and pass on to others about how to adapt to problems in our environments. On a specific organizational or group level, culture includes our shared knowledge about the specific responses the organization or group has applied to adapt to problems in the specific historical, ecological, and social contexts of that organization or group.

Regardless of leaders' genetic predispositions, their selections of responses to the environment are culturally constrained. This includes constraints due to limitations in the culture within which the leader operates (e.g.

it does not contain the necessary knowledge from which to choose an adaptive response and discourages attaining that knowledge) or that the culture strictly punishes certain responses that may indeed be more adaptive. Likewise, a person's culture can facilitate the equilibration process by encouraging openness: to the information coming from the environment and also to the options for doing things differently than they have previously been done. The more leaders become aware of the influence of culture on their thoughts and actions, the more likely they will be able to go beyond these and choose appropriate options to current thinking which may lead to more adaptive responses.

A third predisposing influence on a leader's adaptive capacity is cognitive development. Leaders' levels of cognitive development influence their ability to employ assimilation and accommodation in the face of environmental demands. Piaget found that around twelve years of age, most children achieve a level of cognitive development called formal operational. Formal operational processing provides the basic mental foundation for successful adaptation in adulthood. Research by Cooke-Greuter and Miller (1994), Fisher, Torbert, AND Rooke (2000), and Kegan (1994), has indicated that some adults can continue developing more complex levels of cognitive capacity beyond formal operations (called post-formal

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operations) as they continually face the demands of daily living. Torbert and Kegan have both explored the concept of cognitive development in terms of leadership capacity indicating that post-formal operative processing may be a necessary capacity for leaders to be successful in a complex, global context.

The last predisposing factor that influences a leader's ability to adapt is willpower. Assuming the existence of basic genetic, cultural, and cognitive predispositions, a leader's ongoing willingness and desire to develop adaptive capacity is absolutely essential for success. Adaptive leadership, as we conceptualize it, involves the development of orientations and behaviors that enable high levels of assimilation and accommodation, leading to equilibration that works in the context involved. This is no small undertaking. Continual commitment, learning, experimentation and practice are required for leaders who wish to maximize their adaptive capacity.

Assuming the existence of basic genetic, cultural, and cognitive predispositions, a leader's ongoing willingness and desire to develop adaptive capacity is absolutely essential for success.

In order to maximize adaptive capacity, it is necessary to understand and utilize underlying principles to develop adaptive leadership potential. Developing adaptive leadership potential involves deliberate steps by a leader and an organization to improve beyond the capacity for adapting given to them by their biology (genotype and phenotype), culture, and current cognitive skills. To this end, we propose four adaptive leadership principles based on cultural competency, knowledge acquisition and use, creating synergy from diversity, and holistic vision (that provides a non-prescriptive, culturally relative guide for leaders operating in a global context).

Developing and Enhancing Adaptive Potential

As an example of how the four adaptive principles have been used in a leadership situation, Loy Weston was a globally-adaptive leader before it was fashionable to be one. His story illustrates how cultural competency, knowledge acquisition and use, creating synergy, and holistic vision can be realized by a leader.

When Kentucky Fried Chicken hired Weston in the late 1970s to establish a fast food franchise subsidiary in Japan, KFC headquarters in the U.S. and its Japanese partner, Mitsubishi Corporation, had very different ideas about how to build the business in Japan. Cultural values in the U.S. and Japan were opposed in many instances. In order to create a successful business venture, Weston had to design and create a management system and organizational culture that reconciled the opposing values of Mitsubishi and KFC. Weston's adaptiveness as a leader was the key to his success.

One of the first dilemmas Weston faced was the store design expected by KFC headquarters. Management from the USA had required replicating the U.S. store design in Japan, but space limitations in Tokyo did not permit large buildings. Squeezing the larger store into the smaller, more cramped spaces available in Tokyo led to cost overruns and "wasted" space.

Loy Weston adapted the KFC headquarters' more expansive design model for stores in the USA to fit the smaller locations available in Tokyo. Instead of forcing the store into a Tokyo environment where it did not fit, Weston created KFC flexible, usually smaller stores that fit the Tokyo environment.

In addition, KFC's menu was not always ideal for Japanese tastes. The headquarters in Louisville had very strict product specifications for all restaurants, regardless of location, but Japanese consumers did not care for mashed

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potatoes or coleslaw. Weston changed the menu to suit Japanese consumers, in spite of pressure from the U.S. to maintain the same menus in Japan as were being used in the West.

Another issue Weston faced was how to advertise KFC's food in Japan. In the USA, KFC's marketing theme was that it offered consumers "good food." However, market research indicated that KFC should be positioned as "fine and elegant food" in Japan. Weston deferred to the advice of his Japanese market researchers.

Weston also had to decide whether to focus on market share or immediate profits. KFC headquarters in the USA did not share the Japanese philosophy for building market share over immediate profits. When Weston sent a financial status report to the home office in Louisville, he was not able to use "building market share" as an excuse for low net earnings. Yet, the Japanese owners expected the focus to be on market share development and reassured Weston that it was acceptable, and even expected, for a company to experience sub par financial performance while building market share.

The Japanese partners also expected major investments in time and effort to develop KFC's workforce. Workers in Japan expected long-term, if not lifetime, employment. They expected the company to invest in their training and saw themselves as part of a group that was focused on the processes of providing a quality product to the customer.

Workers in KFC stores in the U.S., to the contrary, were usually students, or less educated and transient employees. KFC headquarters was quick to point out that labor costs must be kept under strict control if the business were to be profitable. Job tasks were well defined by headquarters so that it was easy to replace one transient, often poorly educated worker with another. Weston invested in his Japanese workers in spite of this being contrary to the philosophy of KFC headquarters.

Loy Weston is an example of an adaptable executive who reconciled the dilemmas of headquarters' single, inflexible model for management with the particular needs of his Japan-U.S. joint venture. Not only did he survive these early dilemmas by finding reconciled solutions, he built one of the most successful restaurant franchise businesses in history. KFC-Japan developed into 800 stores in the ten years Weston was there and became very profitable.

In creating KFC-Japan, Weston encountered few organizational and management practices that did not require adaptive redesign. The Japanese business environment challenged all his previously held notions of how to take care of accounting, daily operations, marketing, human resources, and business development. Weston took the strengths of both the American and Japanese business systems and created an adaptive corporation, one that bridged the cultural gaps between the two international partners.

Weston invested in his Japanese workers in spite of this being contrary to the philosophy of KFC headquarters.

Weston's ability to keep diverse stakeholders satisfied was part of his adaptiveness as a leader. There were many stakeholders in the development of KFC-Japan besides the two partner companies, KFC and Mitsubishi. These included customers, other businesses in the neighborhood where a KFC store was to open, Japanese franchisees, and the new managers and employees. Weston recognized the importance of relating to all of them. He used a combination of accommodation and assimilation to create learning and decision-making processes that created maximum adaptive capacity for KFC-Japan.

The four principles of cultural competency, knowledge acquisition and use, creating

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synergy from diversity, and holistic vision enabled Loy Weston to use assimilation and accommodation to achieve on-going states of equilibration and adapt his organization to the vast array of changes and environments faced in today's global community. Each of these principles contributed to his potential for making adaptive decisions (Figure 5). The following discussion examines each of these principles in greater detail.

Principle One. An adaptive leader is culturally competent.

Cultural competency comprises a set of knowledge and skills about culture, how to observe it, how to analyze and measure it, and how to change it. Trompenaars and Hampden-Turner (1997) tell us that there are three steps to achieving cultural competency, namely becoming aware of cultural differences, respecting those differences, and reconciling one's own culture with the observed differences. They conclude that "Once we are aware of our own mental models and cultural predispositions, and we can respect and understand that those of another culture are legitimately different, then it becomes possible to reconcile differences." (p. 200)

Cultural competence begins with an understanding that culture is the fundamental building material of all human organization. It is critical that adaptive leaders understand the organizational dynamics of human culture. A working knowledge of culture is necessary because leaders continuously interact with others who may have different values than their own. Culture is the essence of our human adaptive experience, providing us with knowledge to solve the varied problems of daily existence.

Weston's ability to keep diverse stakeholders satisfied was part of his adaptiveness as a leader.

Cultural knowledge is very important to successful leadership. Robert Galvin, former CEO of Motorola has been quoted as saying that, for a leader, "the next great competitive advantage beyond technology is dealing successfully with people from different cultures." Contemporary managers and professional workers in every country of the world often encounter people with different beliefs, values, and behaviors. Multi-national companies, such as Motorola and Toshiba, operate worldwide organizations of people, resources, goods, and services involving many countries. They must adapt to many local contexts while maintaining their global network.
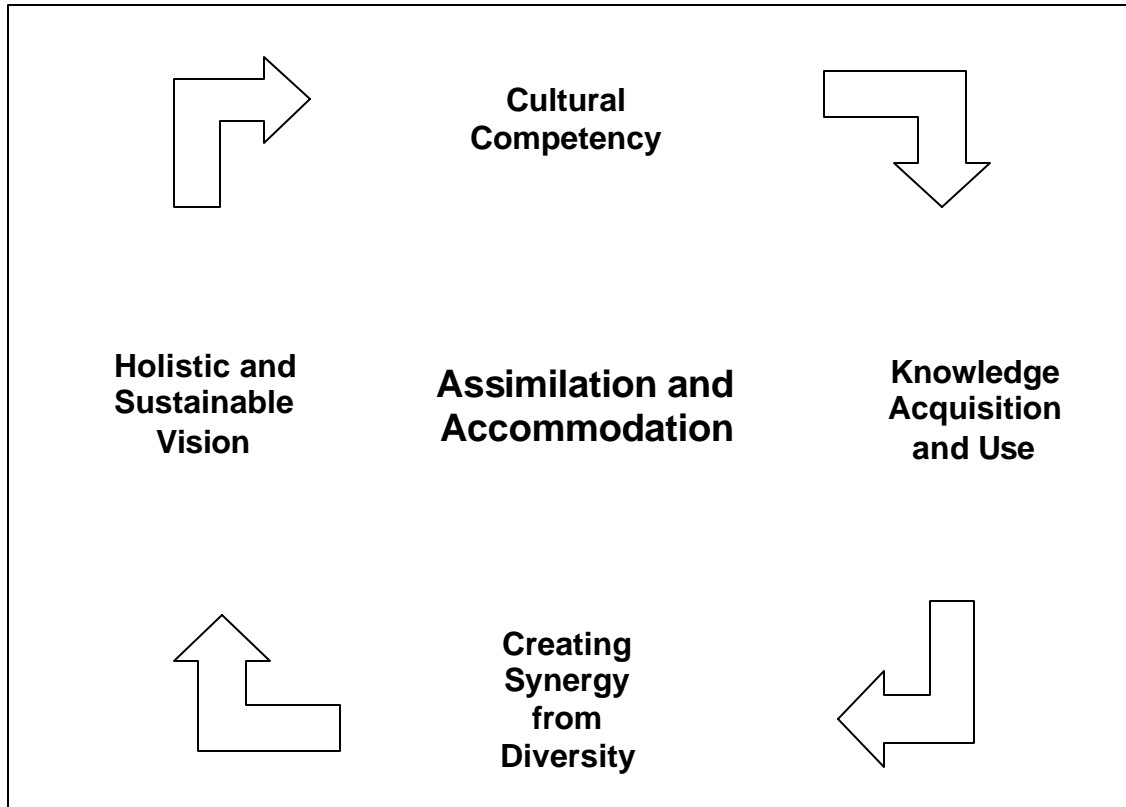
Cultural competence includes skills for organizational architecture. An adaptive leader who possesses cultural competency has the capacity for understanding "human nature" in most organizational settings. Such a leader is able to see beyond surface behaviors to understand the motivations and values influencing people as they organize and manage themselves.

Most of us have personal computers, but while we are familiar with the external appearance and operation of our hardware and software, we would not be comfortable if we had to open the cover of the CPU. Under the cover is a mosaic of wires, strange-looking metal and electronic parts, and even a mysterious looking gray colored "belt." Even more mysterious to us is the logic in the embedded circuits. Unless we are in the computer business, the inner workings of our PC are generally off limits to our meddling.

An organization's culture is also very complex, as well as difficult to understand for most people. Yet we have observed that organizational leaders frequently take the "cover off" their organization's culture without a second thought to its complexities. Many leaders rush headlong into "pulling out the wires and hardware" of their cultures without an understanding of what they are really doing.

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Figure 5
Dynamics of Adaptive Leadership Potential

Cultural Competency

Holistic and Sustainable Vision

Assimilation and Accommodation

Knowledge Acquisition and Use

Creating Synergy from Diversity

Regardless of the location or intent of the leaders, all change initiatives occur within a cultural context. That cultural context includes stakeholder groups, each with a cultural understanding of the way the world has been, the way it is, and how it should in the future. Contemporary leaders, if they are to be successful in creating adaptive changes, must be culturally competent, and know how to apply the dynamics of adaptive change. If they are not able to understand the cultural milieu in which they are attempting to create change, adaptive responses are unlikely to happen in their organization. The following case illustrates the power of culture in shaping behavior.

The new waiter. Culture is a force in every organization, regardless of the particular leaders and their approach to management. Consider the case of the hotel manager who

had inherited an organizational culture that he did not understand. This expatriate, with a successful management track record in England, had been reassigned to a hotel in The Bahamas. He asked for the senior author's assistance in solving a problem at one of the hotel's restaurants.

"We took over this restaurant three months ago," he explained. "The former management company left us with a mess. Employees are surly, rude to customers, and close to a labor walkout. Customers complain continuously about the service. Even our own hotel supervisors are afraid to go in there!" He was clearly baffled by the situation. The expatriate suggested that we have lunch in the restaurant to see the conditions he was facing.

Upon arrival at the restaurant, a young waiter warmly introduced himself, took us to

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our table, and politely explained the menu options. As he walked away to place their order, one of us remarked to the manager, "I thought you said there were problems with the employees here. Our waiter is doing everything one could expect as part of quality service." The manager grimaced and replied, "Yes he is, but today is his first day on the job. He has not had enough time to learn to be like all the other employees."

Two weeks later, we returned to the restaurant for a follow-up meeting and encountered a very different response from the same waiter. He was not attentive, seemed unmotivated, and bordered on rudeness on one occasion. The waiter had obviously learned the behaviors of his more experienced coworkers. He now behaved in the same way as did the other, less motivated workers. He had become one of them.

What was going on here? Further investigation revealed two distinct subcultures within the workplace, one held by managers and the other by employees. Workers told us that the new manager's attempts to fire some of their relatives, who had been working together in the restaurant for many years, had caused them to consider a labor action. They saw the situation from their collective and ascriptive perspective. For years, they had all worked together as a family, both literally and figuratively. The power of the closeness of this family bond was illustrated by how quickly the new waiter was socialized into the collective subculture.

The manager, for his part, viewed the workplace from an individualistic and achievement-oriented perspective, and his cultural values and beliefs did not include hiring close relatives. A mentor had told him in his

" . . . but today is his first day on the job. He has not had enough time to learn to be like all the other employees."

previous job in London that it was difficult to supervise in such an environment, as the bonds among the workers prevented any effective discipline. He had inherited an organizational culture that clashed with his own. As a result, he created maladaptive change in the restaurant by implementing his new policy on hiring relatives, thereby perpetuating and reinforcing the very things he did not want to see happen.

This very difficult situation required changing the existing culture in the workplace. The "seemingly opposing values" of the manager and those of the employees had to be reconciled somehow.

Culture is understandable when we have a framework that enables us to look beyond the obvious behaviors we are observing. Frameworks such as those provided by Trompenaars and Hampden-Turner (1997, 2001), Hofstede (1980), and others are good tools for making sense of culture. When we do so, we better understand the role of culture in our human adaptive process.

Principle Two: An adaptive leader is able to effectively acquire and use knowledge.

Managing knowledge has become very important in our current era of globalization and rapid technological change. Humans have always needed to learn by integrating information from their environment, but today that information often comes rapidly and is stored in many different corners of an organization.

Adaptive leaders need to be aware of what their organizations know and what they do not know. This entails setting up effective information systems to capture, store, and efficiently distribute both the "explicit" knowledge (e.g. data and context) and "tacit" knowledge (e.g. personal contacts, experience, and judgement) associated with the history and

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successful operation of an organization. A good knowledge management system helps to identify, catalog, store, and make available the knowledge resources of the organization.

To accomplish learning, the organization's leaders must see clearly what is happening in their environment. That is why learning begins with perception. Yet organizational leaders, enmeshed in the details of what they already know and their change efforts, often think about outside pressures in only the vaguest terms. They do not develop a careful sensitivity to the signals of pressure from outside the organization and how those pressures are changing.

Adaptive leaders don't just process information from their perceptual field; they use it to improve their response in given situations. They learn and make modifications in their organizations as they anticipate or observe changes in their environment. They constantly verify and validate what they know in an effort to better understand that environment.

Knowledge management includes developing "sense and respond" tools. How can information systems be used effectively to acquire, store, process, and distribute data as needed? It is critical for leaders to develop organizational systems that "sense and respond" appropriately to the "noise" of their environment so that they can know what is going on in their environment and adapt to it. They must know why an initiative succeeded and to understand the degree to which those success factors can be used in future innovations.

An adaptive leader must be able, when necessary, to alter his or her organizational system to stay in harmony with the surrounding world. A fundamental revision in finance regulations, for example, can lead a bank executive to consider new markets and new products, dramatically stretching its existing capabilities. An increase in oil prices can force an airline CEO to implement a fundamental revision of its costs, its price structure, its flight schedules, or the composition of its fleet. A change in the political values of a nation can dictate that government agencies modify their priorities.

Every adaptive system, whether an individual living creature, a computer virus, or a large organization survives by making sense of its environment and responding with an appropriate action. It then repeats the cycle of sensing and responding to change, factoring in the results of its previous adaptation. In this circular and continuous process, the adaptive system is aware of its environment even as it acts (Haeckel, 1999).

Humans and their organizations have the potential ability to make conscious decisions about what things to sense, how to interpret them, and how to respond to their interpretation. We discover meaning in the data by looking for patterns related to some previous experience or known concept. The system must then decide what to do in response and act on its decision. This sequence may be automatic and reflexive or conscious and reflective. Once a cycle is completed, a new one begins, in which the system incorporates the outcome of the previous cycle along with any newly perceived environmental signals. The challenge for leaders, therefore, is to create an organizational culture that "knows what it knows" and "knows what it doesn't know" so that adaptation can be rational, reasonable, and systematic (Haeckel, 1999).

Knowledge management involves creating effective innovations. Once leadership implements new solutions, whether they involve a new technology, marketing policy, project portfolio, or service schedule, the organization is no longer the same. It has moved into a new phase of its existence. This is the essence of creative learning and innovation.

This need for this transformation poses a significant challenge for many leaders. Most people in positions of leadership today gained their success through their mastery of traditional management techniques and approaches. The transformation of their companies to adaptive

organizations carries with it profound implications for how they lead. Adaptiveness requires leaders to be innovative in appropriate and creative ways. The following case exemplifies this principle.

Kaizen versus great leaps. An American executive who was the CEO of a subsidiary of a large U.S.A.-owned international corporation based in Japan told the senior author a story. When he first came to Japan, he kept getting memos and other directives from the New Jersey headquarters that called for "quantum" changes in global operations, indicating that this was a company in which rapid and even traumatic changes were expected as a way of managing.

He related that his Japanese executive committee did not warm to the quantum idea, always politely smiling when he discussed drastic change as an operating policy. Eventually he got the message from his Japanese executives that change in Japan was based on the concept of *kaizen*, or slow continuous improvements.

Kaizen and reengineering are essentially the same idea in that both are concerned with improving organizational processes. Yet when *kaizen* is applied in Japan, the change is built into the organizational system as continuous improvement. *Kaizen* fits the values and beliefs of Japanese corporate culture as it focuses on maintaining harmony and balance.

On the other hand, reengineering in the U.S. is usually applied once and in a drastic manner. Major structural changes are expected as processes are defined and refined in one grand project. After a few months, the organization returns to "normal." Change is not a linear event, nor is it a continuous process.

Principle Three: An adaptive leader is able to create synergy from diversity.

Creating synergy begins by avoiding the "tyranny of the 'OR'," maladaptive thinking and decision-making processes in which lead-

ers defend one best way of seeing a problem. Those leaders become polarized around their position, unwilling to consider that there are other ways to do things. Whenever there are people with different cultural values, influenced by ethnic, national, religious, or professional backgrounds, the tyranny of the OR can be found (Collins and Porras, 1994). The OR view does not accept paradox, and cannot live with two seemingly contradictory forces or ideas at the same time. The OR pushes people to believe that things must be either one-way OR another.

Eventually he got the message from his Japanese executives that change in Japan was based on the concept of kaizen, or slow continuous improvements.

For example, leaders may be controlled by mindsets that expect change OR stability, low cost or high quality, investing in the future *or* doing well in the short-term, creating wealth for shareholders OR doing good in the world. The OR has become a way of perceiving reality that often prevents adaptive responses from leaders. It acts as a trap, limiting the ability to see alternatives that might be better than what is held as true.

It seems that leaders are always faced with choosing between the past or the future, this or that approach to a situation, following one model or another. The leader who can create adaptive synergy when facing an OR is essential in a highly diverse world. Creating synergy from diversity is necessary almost everywhere today as contemporary leaders must deal with people who hold values different than their own. Being able to lead and organize diverse groups with "seemingly opposing values" is essential to survival in a global commmunity. Organizations need to be able

to operate in diverse settings without losing focus and direction.

Hampden-Turner (1990) tells us that when we try to create change, there is always contrasting and hence dual propositions laying claim to our allegiance. When not resolved, these "dilemmas" live on as semi-permanent social schisms and ideological conflicts in organizations in which rival groups of partisans celebrate their own preferred solution.

Creating synergy involves the genius of the "AND," which entails being able to identify and reconcile cultural dilemmas. The synergistic combination of existing elements represented by "AND" is more than just a mixture or amalgamation of parts. An AND position does not represent balance such as might be observed in a compromise. Instead the combination aims to be distinctly this AND distinctly that at the same time and all the time (Collins and Porras, 1994). Value is added to the existing way of doing things when they are combined. The innovation that is to be implemented represents a breaking out of existing mindsets and creating a new cultural orientation built of the conjoined strengths of what went before.

Hampden-Turner explains the importance of reconciling dilemmas to leaders thus:

The OR has become a way of perceiving reality that often prevents adaptive responses from leaders.

> "These seemingly "opposed" propositions are converging upon us simultaneously. If we give exclusive attention to either one in the pair, the other is likely to impale us. While all of us need to reconcile value dilemmas as part of daily living, those who lead groups or organizations are beset by many dilemmas, stemming from the opposing demands and claims made upon them. Confronting dilemmas is both dangerous and potentially rewarding. Opposing values 'crucify' the psyche and threaten to disintegrate both leader and organization. Yet to resolve these same tensions enables the organization to create wealth and outperform competitors. If you duck the dilemma you miss the resolution. There is no cheap grace." (Hampden-Turner, 1990:14).

Trompenaars and Hampden-Turner (2001) have demonstrated the importance of reconciling cultural dilemmas for contemporary leaders in *21 Leaders for the 21st Century*. By describing the cases of twenty-one influencial leaders, they convincingly illlustrate the importance of this aspect of adaptive leadership to successful operating in today's global community. The next cases provides examples of this principle.

Nestlé in China. This case is an example of an adaptive approach to the universal-particular dilemmas found in international joint ventures. Universal-particular dilemmas occur when one culture assumes that there is only one set of rules governing relationships. CEO Helmut Maucher of Nestlé, whom we consider an adaptive leader, says that his primary role as CEO of Nestlé is keeping Nestlé focused on a strategy (of knowing local markets and tailoring products), making sure managers understand, respect, and respond to the differences in each country—differences in culture, taste preferences, shopping behaviors.

In China, Maucher negotiated for more than six years to set up a powdered milk and baby cereal factory. The Nestlé managers also hired retired government workers and teachers to serve as farm agents and assigned them to the villages in which farmers produced milk for the company. Nestlé hygiene specialists from Switzerland trained the workers and teachers.

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But the goal was not to make the Chinese more Swiss; rather, it was to make sure the Swiss managers in China completely understood the farmers who supplied the raw materials—their culture, needs, expectations, and abilities. "My philosophy is to let the Chinese be Chinese, but to bring to their markets Nestlé's expertise and corporate values," Maucher says. "That is what is meant by global thinking, local commitment" (Farkes & De Backer, 1996, pp. 41-44).

Principle Four: An adaptive leader has holistic and sustainable vision.

Adaptive vision is the fourth component needed for adaptive leadership. Adaptive leaders must be able to scan their horizons and to think beyond the obvious, beyond what is known about their world. This vision is used to create sustainable solutions that go beyond the immediate needs of a company, community, or nation.

We have always had the need for leaders who were successful at adapting our institutions to the world around us, whether those leaders were a group of prehistoric tribal elders deciding to move the tribe to an environment where food was more abundant or a military leader introducing a new form of warfare to gain advantage over opponents. In a more contemporary context, the adaptive leader might be the CEO of a computer software company initiating change by introducing a new technology into culturally diverse global markets.

Holistic and sustainable vision involves the ability to visualize and consider all viable options before proceeding. Contemporary leaders are faced with day-to-day and survival decisions, just as their predecessors were. The difference is the scope and the degree to which today's leaders must be able to create organized responses to complex and rapidly changing environments. Adaptive leaders are more than just change leaders; they are able

to see the various possibilities and make appropriate choices. Scenario planning methods are useful as a tool for the adaptive leader.

Adaptive leaders realize that they must make decisions within a context greater than their own. They realize their position and place in the grand scheme of things. They are able to operate effectively in different and varied settings, remembering who they are in a larger framework and projecting the consequences, good and bad, of their actions.

Scenario planning is about making choices today with an understanding of how things might turn out. It provides a tool for ordering one's perceptions about alternative future environments in which one's decisions might be played out. Often, scenarios can help people make better decisions—usually difficult decisions—that they would otherwise miss or deny.

Adaptive leaders are different from their contemporaries in that they don't create change just to get from A to B. Instead, they see the process of change itself as instructive, part of the capacity for constant renewal that may lead them from A to B—or to F or M or even Z. Adaptive leaders accommodate themselves to ongoing information they receive from their environment and make decisions to achieve congruency with various stakeholders' needs.

Holistic and sustainable vision includes anticipating future conditions and situations that affect sustainability. Adaptation needs to be seen from a holistic perspective. Adaptive capacity and adaptive responses must be viewed within the context in which they occur.

Adaptive leaders think globally while acting locally. Adaptive leaders are able to work within different models of wealth creation. Adaptive leaders are aware of, and respect, the values of others. When there are differences among stakeholders, an adaptive leader is able to develop solutions that create organizational designs and management models capable of

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dealing with those differences. The following example illustrates this principle.

Du Pont: The CEO as chief environmental officer. When Ed Woolard took over the chairmanship of Du Pont, the world's largest chemical company, in early 1989, he was concerned that the company's environmental performance did not match its standards in other areas. Although Du Pont's safety record had been outstanding, Woolard believed that corporate environmental performance could be upgraded. The public also still had a negative opinion of the chemical industry, viewing it as too secretive, potentially dangerous, and sometimes arrogant. "The basic problem was that management values were becoming out of phase with public expectations," said Woolard. "Although there were many examples of environmental excellence, they did not reflect a deeply held value of the company." (Schmidheiny, 1992, 193).

Woolard wanted to instill a new sense of urgency concerning environmental issues throughout the company's management structure. Woolard found that that the company's environmental management was largely compliance-driven and that environmental concerns had not been effectively integrated into other business areas. Many senior managers also downplayed the importance of environmental issues in their list of priorities.

Woolard decided to take the lead by executive action. In his first public speech, at the American Chamber of Commerce in London within a month of his taking office, he stressed that he was not only Du Pont's chief executive officer, he was also its "chief environmental officer." As such, he put himself at the head of a new movement—"corporate environmentalism," which he defined as "an attitude and a performance commitment that places corporate environmental stewardship fully in line with public desires and expectations" (Schmidheiny, 1992, 197).

Counting Bulas

When the senior author first visited Fiji more than ten years ago, he was impressed with the genuine hospitality of the Fijian people. It seemed that everyone he met warmly gave *bulas*. *Bula* is a greeting used by Fijians to welcome or to greet someone.

Being a good social scientist, trained in Western methods, he decided to count the number of bulas given to him against the number of employees we encountered at each resort we visited. At the first resort, we tallied 39 bulas out of a possible 41 encounters in a two-day stay. He spoke with the general manager of the establishment, who had moved to Fiji one year prior to manage this luxury resort in the Nadi area. He explained how impressed we were with the hospitality of the staff. The senior author asked what he had done to improve the resort when he arrived in Fiji.

Adaptive leaders are different from their contemporaries in that they don't create change just to get from A to B.

"I did absolutely nothing. Why would I try to change the natural hospitality that comes from the traditional culture here?" the general manager explained. "Instead I have tried to take advantage of the local assets I found in the traditional culture and village life." The manager had the good adaptive sense to realize that he had inherited an outstanding resort and any changes would only make it less so. The senior author left the resort expecting the same peaceful and hospitable atmosphere at our next location.

However, when he arrived at the next resort on our way to Suva, he encountered a much different atmosphere. As he attempted to explain to the porter that he was checking in at the entrance, he encountered a man, clearly an expatriate, who began shouting and cursing at the porter. The man was upset that a branch had fallen from a palm tree in the car park and

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had not been picked up. The Fijian porter was polite and told the man that he would take care of it right away. The porter then assisted the senior author by providing directions for our check in. During his brief two-day stay, he counted only 23 bulas out of 41 possible encounters with resort staff.

The next afternoon the senior author met with the general manager of the resort. He was surprised to find that he was the same man who had shouted at the porter. After exchanging a few pleasantries, the general manager proceeded to tell the senior author that the locals were lazy and not suited for hospitality work. He longed for his former assignment in Auckland where the local people "had good work values." It was also revealed that the local village chief and this manager were at odds over the lease payments on the land. "Impossible system of land ownership here," he bemoaned.

"I did absolutely nothing. Why would I try to change the natural hospitality that comes from the traditional culture here?"

When asked what his plans were for improvement at the resort. He explained that he had hired a trainer from Australia to spend a year teaching the locals the fundamentals of providing hospitable service. He also mentioned that he was attempting to bring in more expatriate managers to fill his executive positions. "They will give me more help in getting the Fijians to do their work properly." His approach to changing the resort was serendipitous at best. He tried many changes but none of them were based on the signals he was receiving from the stakeholders in the resort's environment.

In both cases, these two expatriate managers were attempting to adapt to the conditions of operating a resort in an island nation. The first one was very successful and remained in Fiji for almost ten years. He was

widely respected by the management company for which he worked as well as the local community leaders. His resort was very profitable, and guests frequently returned for subsequent visits. The other expatriate became embroiled in a labor dispute with the local villagers, and profits were as inconsistent as the service received by the guests who stayed at the resort. He remained in Fiji only for his initial three-year contract.

During the past ten years, all of the authors have grown to appreciate the significance of this early bula-counting experience related by the senior author. A bula is a reflection of genuine positive feeling toward tourists among community members and resort staff. The absence of bulas, or even the presence of "perfunctory" bulas, is a symptom of difficulty within the social system of the local community and the resort staff. In fact, we believe that it may be more important for the accountants, executives, and economists in Fiji to count bulas than cash receipts. In this sense, the most useful knowledge may be of the obvious, which is right in front of us yet barely noticed.

If you understand the moral of our "bulas" story, then you probably share our world view on the need to develop adaptive leaders in governments, communities, and corporations in every nation. However, adaptive leadership is not easy. It is more than adding training or education courses in an organizational setting. It is not a change initiative. It is a new way of looking at how we make decisions and solve our problems of existence.

A final point we wish to make is that adaptation involves the organization's accommodation to its surrounding environment, but also the environment's accommodation to the adapting organization. Adaptation requires that leaders create systems that perpetuate the ongoing interaction of both organization and environment in a holistic process. We need to move beyond the more superficial notions of adaptation currently discussed in management and organizational literature in order to

appreciate adaptation as a state never reached, a process that involves constant reinvention of an organization and its context.

We do not advocate any one model for developing adaptive organizations and leaders. In fact, we realize that universal models and prescriptions are not possible in our culturally diverse world. However, the four principles we have presented within the overarching theme of learning through both assimilation and accommodation provides a basis for developing a variety of models that are contextually adaptive.

Edward Hall explains that his examinations of man's psyche have enabled him to conclude that the natural act of thinking is greatly modified by culture. According to Hall, Western man uses only a small fraction of his mental capabilities; there are many different and legitimate ways of thinking; we in the West value one of these ways above all others—the one we call "logic," a linear system that has been with us since Socrates. Western man sees his system of logic as synonymous with the truth. For him it is the road to reality." (1981: 9-14).

Thus, there is no single model that will give us the "answer" to how to adaptively organize and be a leader. A fundamental premise of adaptive leadership is that there will never be "one best way" of organizing and leading. It is this perspective of adaptive thinking that separates it from many other leadership approaches, particularly those whose primary focus is maintaining the status quo or cultural hegemony.

Given that contextual demands shift constantly, an organization's adaptive potential is always in flux. But we do have reasonable assurance that an organization that is capable of evolving through time and being flexible in space will have higher adaptive potential than one that does not. The ability of a human organization to meet the adaptive demands of its contexts, no matter how simple or how varied, is the key to its adaptive potential.

"The test of a first-rate intelligence is the ability to hold two opposed ideas in the mind at the same time, and still retain the ability to function."

F. Scott Fitzgerald,
in *The Crack Up*, 1936.

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Notes:

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2) The content of this article is taken from a forthcoming book by the authors entitled *Adaptive Leadership: When Change Is Not Enough.*

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