Shared Governance: The Ethical and Practical Method for Corporate Success

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Introduction

Since 1916, the American Association of University Professors (AAUP) has been concerned with the issue of governance in higher education. Long discussions culminated in AAUP's 1966 statement which established "shared governance" as the central principle for the governance of higher education. The basic idea of shared governance is that people who are impacted by a decision have the right to participation in making this decision. Internal constituents of an organization obviously are affected by this organization's decisions, including rules, policies, and contracts. In this sense, according to the principle of shared governance, each and every constituent of an organization, either governmental, educational, or business, should have a voice in the deliberation and formulation of organizational decisions.

Yet, in the life of many organizations, shared governance still remains a goal rather than organizational reality. This is so not only in many educational institutions, but more so in the vast majority of business corporations. The time-honored ideal and principle of shared governance is still an issue that commands serious attention and efforts in its implementation.

In this essay, I will make and defend the contention that shared governance is not only morally right, but also practically effective in the endeavor for organizational success.

Shared Governance Works Morally

Scientific studies and discoveries have demonstrated that a key feature that distinguishes humans from animals is the human

ability in cognition or thinking. Congruence between thinking and doing is foundational for any human integrity, either public or private. The pyramidal and bureaucratic organizational structure, which is the norm of the majority of modern organizations, is inherently ineffective and inhumane in numerous aspects because this structure features division between thinking and doing. Management and leadership generally maintain the power to think in terms of deliberation and formulation of decisions. Subordinates are generally delegated with and relegated to the doing or execution of decisions. The word "subordinate" itself suggests the meaning of "subordination," "subjection," and "submission," all of which are inhumane in that they are incompatible with the concepts of respect and equality. Slavery as an infamous human invention, for example, also had "subordination," "subjection," and "submission" as its defining features. Slaves are meant to slave, not to think. Thinking is innately antagonistic to the concept of slavery.

For the purpose of illustration, we may hypothesize a situation in the family. The father says to the family, "I provide a living for you all, Mom, Mary, and Tom. You do what I tell you as efficiently as I designate. No complaining or arguing back. Otherwise you are liable to my penalty of decreasing or withholding my support for your livelihood." Obviously it is no exaggeration at all to say that it is dehumanizing to live in such a family. An organization that operates without shared governance basically adopts a principle of similar nature. Yet management and leadership in such an organization never seem to think that they are being immoral and inhumane. What is worse, people in general do not visualize such management and leadership in these terms.

The basic principle of shared governance is, "What makes people noble are not only their hands, but, more importantly, their heads. Participation in shared governance, especially in the context of the knowledge-rich, modern organization, is more assured through mental than physical involvement." In shared governance, people possess the complete right that is fulfilled through a combination and integration of doing and thinking. They not only execute "orders." They participate also in "ordering." In shared governance, people possess the right to discover, deliberate, and decide. Again, I cannot persuade myself to ignore the salient inhumanity in only being ordered without the ability to order at the same time.

Frances Hesselbein, the former CEO of the Girl Scouts of the United States of America, contends, "Leaders need to lead with values that are 'moral compasses,' and a sense of ethics that works full time" (cited in O'Toole, 1995, p. 41). Shared governance conforms to the principle of life and defies the principle of the obsolete industrial age. Jonathan Swift in his Gulliver's Travels, and William Wordsworth in his poetry, contend that violation of the principles that animate and govern nature will lead to unremitting human misery (cited in Helgesen, 1995, p. 17). Coordination rather than division between the thinking head and the doing hand is abundantly evidenced in nature and organic life.

By citing examples of Max De Pree of Herman Miller, James Houghton of Corning, Robert Galvin of Motorola, and Jan Carlzon of Scandinavian Airlines, O'Toole (1996) explains the practical effectiveness and espouses the moral value of the inclusionary leadership (pp. 41-60). Havel, who received the Philadelphia Liberty Medal at Independence Hall on July 4, 1994, practices choice of actions based on "civility," the practice of respect for all people. He believes that leadership finds its root from the fundamental ideas of modern democracy and democratic pluralism: decency, reason, responsibility, tolerance, and human rights (O'Toole, 1996). None of these concepts can be claimed as amoral or immoral or against the concept of shared governance.

An organization without shared governance is immoral largely because it does not respect people. Such an organization expects its people only to be hands and "role occupants and executors" rather than thinking humans. This is why, in a bureaucratic organization, many people claim that their minds stop working the moment they step into the office. Forcing people to act without involving their thinking and knowledge or, worse, against their thinking and knowledge is dehumanizing because it easily inflicts people with the pain of cynicism, lethargy, nonchalance, hopelessness, helplessness, and cognitive dissonance.

Shared Governance Works Practically

Shared governance works, and it works well, not only morally, but also practically. Shared governance is the central theme that threads through all the following theoretical contentions and demonstrations of business success.

In her book, The Web of Inclusions, Sally Helgesen (1995) explains how shared governance contributed to the extraordinary success of the Village Voice. Communication at Village Voice was fluid, spontaneous, and multidimensional. There were no staff meetings, no memos, and no formal communication structure, which are abundant in a bureaucratic organization. Information at the Village Voice was exchanged on a bulletin board (a corkboard in that pre-computer era). The bulletin board was readily accessible to anyone. Anyone could write any notices, ideas, and comments on the board at any time. The totality of information within the whole organization was open to anyone. Extended discussions and debates spontaneously emerged from comments on the board.

What was more noteworthy, Dan Wolf, the person in charge of the Village Voice, made himself extremely accessible in an unstructured manner to people at every level. He essentially ran the paper by sitting in his office at the center of the top floor, ready to talk to anyone who walked through the door. He made no appointments. He had no secretary. His method to converse with people was "classically Socratic" (Helgesen, 1995, p. 6). That is, he was always asking questions and soliciting ideas.

Helgesen (1995) calls this kind of organizational structure "web of inclusion." At the center of the web is not the CEO or the President, but the mission, the goal, the task, and what is necessary. Through the warp and woof of the web of inclusion, everyone is equally connected with the center and with anyone else. The web of inclusion is a pattern of relationships and connections instead of isolations and divisions. It is a flat instead of pyramidal structure.

The web of inclusion is characterized by permeability, improvisation, and reliability. Permeability means there are no fixed borders either within the organization or between the organization and its environment. This permeability allows attention to be focused on "what needs to be done rather than who has the authority to do it" (Helgesen, 1995, p. 21, original italics). This permeability from the circular arrangement within the web of inclusion also makes it much easier to shift people. Shifting people from one spot to another spot does not signify either a promotion or a demotion. It is simply a change to suit a certain new task. The permeability of the web of inclusion makes the "ship" of the organization much easier to maneuver when it comes into waters of crisis.

The web structure also allows permeability between the organization and its environment. With the help of the image of the spider's web, we can easily understand that a web can expand itself into the infinitude of the surrounding areas. There is no clear boundary between it and its vicinity. Expansion is always a process, not a state. Such permeability of the web structure gives an organization much proactive flexibility in its interactions with the environment. The relationship an organization has with its external constituencies becomes much easier if this relationship is defined in a fluid and spontaneous manner according to what is necessary at the moment rather than in a fixed and historical manner according to the degree of "authority and importance" of various constituencies.

Obviously, the web structure makes an organization more egalitarian and participatory in that people's position and value are defined according to what they can contribute to the organizational web rather than according to what authority they possess. In an organization with the web structure, what needs to be done gets done. In an organization with the pyramidal structure, whether what needs to be done gets done or not depends on whether this thing falls into or out of the favor of the top people.

Improvisation is the second feature of the web of inclusion. Improvisation means prompt and on-the-spot revision of action to suit the current necessity. In biology, there is the "evolutionary principle of requisite variety" (Helgesen, 1995, p. 23). This principle dictates that any species must exist in a sufficient variety if that species is to flourish and survive. This sufficient variety is in terms of both species types and the species' strategies to deal with its environment. In A Pattern Language, a fascinating study proposes a decentralized and intuitive approach to architecture and the planning of cities. The authors found that the most successful and fully integrated designs almost always evolve piecemeal rather than result all at once from a prescribed grand scheme (Christopher et. al., 1977). Strategies and discoveries emerge in the course of making small decisions that solve current problems and meet specific needs. This approach facilitates discovery of small mistakes and correction of them before they become so big as to threaten the whole project.

The third characteristic of the web of inclusion is high reliability. Different departments within the modern organization are so interwoven with each other that they have to

rely on each other for successful fulfillment of not only their own departmental tasks but also the whole organization's tasks. Consequently, a small mistake of one specific department may expand into a major organizational disaster. High reliability grants all players within the modern organization equal importance. This is clearly illustrated in the case of a U.S. Navy nuclear aircraft carrier, the Enterprise. The organizational structure at Enterprise outwardly conforms to the conventional hierarchical pattern, with people divided into the Big Wheels (decision-makers or "taskers"), the Cogs (those who execute decisions or the operators), and the Specialists (such as engineers and accountants). Yet the hierarchical structure dissolves when mistakes occur which can easily lead to disasters. For example, debris on the deck during an aircraft landing is a matter of life or death--not on a specific occasion but on every occasion. The competition to look for debris involves the Cogs, the Specialists, the Big Wheels, and even the officer of the highest rank. In this competition, everyone, regardless of rank, plays an equal role on an equal footing. This competition only respects what is done instead of who does it (Pfeiffer, 1993).

In The Global Paradox, Naisbitt (1994) introduced the notion that the larger and more global the market becomes, the more powerful its smallest players. Powerful technologies have paradoxically enabled organizations to become smaller. Powerful technologies have also enabled individuals to become more important players within the organization. Information technology, for example, has the essential capability to diffuse information down and out to the front lines. Thus, a paradox emerges. The more global the world becomes, the more importance the organization has to give its individual members. The organization's reliance on its individual members will inevitably offer this organization more reliability as a whole.

Helgesen's (1995) web of inclusion corroborates Hesselbein's (1997) circular organizational structure she designed for the Girls Scouts of the United States of America where she used to be the CEO. In Hesselbein's circular organizational structure, people and functions move across three concentric circles, with the CEO in the middle looking out, not at the top looking down. This is empirically reflected in Dan Wolf's management of the Village Voice that I have previously talked about. In the circular structure, which circle people should move into and carry out what function depends on what the people have to offer at a certain moment. In the circular organizational structure, many

levels of middle management become redundant and frontline managers and general organizational members become more conspicuous and assertive in communication and distributing knowledge and information.

Echoing Hesselbein, Drucker (1986) argues for the flatter organizational structure and an accentuation of the role of general organization members and frontline managers. The flatter organization, Drucker contends, is much less control-based and much more information-based. Several levels of middle management are gone. Consequently the general organization members and the frontline managers find themselves "with far bigger, far more demanding, and far more responsible jobs" (Drucker, 1996, p. 204). This should be so, Drucker says, because organization members and frontline managers enjoy specializations in their own different areas and thus possess knowledge in these areas. The information-based organization permits, indeed it often requires, far more "soloists" than the traditional hierarchy does. Frontline managers are the best "soloists" because, on the one hand, they have more comprehensive understanding of their own departments or groups than the frontline employees because of their management position; on the other hand, the frontline managers possess much more knowledge of the daily reality of the business than the middle manager or the CEO does because of the frontline managers' proximity to business reality.

According to Ray Gehani (1994), there are two styles of total quality management (TQM), the tortoise vs. the hare, which is obviously an adaptation from the known fable. The hare style prefers drastic changes in large leaps. Managers of this type think that the best way to achieve quality is through individual quality crusaders at the top management level. Plans are made by visionaries and transmitted to the frontline people for execution. The hare style of TQM, therefore, is obviously in the top-down manner. The tortoise style, however, pursues incremental improvements by involving teams of frontline employees. The tortoise style of TQM corroborates the study by Christopher (1977) as I talked previously in this essay. In the tortoise style, frontline workers input small suggestions for incremental modifications of existing designs. The tortoise style, therefore, is in the down-up manner. Multi-industry studies (Bresser & Bishop, 1983) show that there exists a negative relationship between the hare style of TQM and the organization's actual performance. The relationship between the tortoise style and organization's actual performance is a positive

one.

An important reason that Gehani (1994) offered to explain the previous relationship between TQM style and organizational performance is "paralysis of planning under dynamic uncertainty" (p. 101). According to Gehani, the hare style of TQM will be relevant when organizational reality and their environments are stable, which actually are not. With global competition, mobile resources, and fickle customer preferences, organizations' needs and expectations are not likely to remain the same over an extended planning horizon. Rigid planning will only cause a mismatch.

The tortoise style of TQM, on the other hand, fares much better in an environment of dynamic uncertainty. A detailed information-gathering process by frontline employees helps create an accurate picture of the marketplace dynamics. Japanese people describe the tortoise style of TQM as a down-up-down approach. Environmental information is transmitted from the frontline people to the decision-makers who conventionally perch at the top of the organizational hierarchy. These decision-makers in turn help formulate solutions as responses to environmental changes. Finally these decisions are given to the frontline people for revision and/or execution.

Weick's (1969) model of equivocality reduction helps to explain why the tortoise style of TQM fares much better in an environment of dynamic uncertainty. According to Weick (1969), the purpose of organization is cooperation with others so that the cooperative network therein will provide the organization with enough and detailed information to interpret complex problems and develop meaningful strategies to deal with those problems. For successful organizational actions, there should be a balance between the equivocality/uncertainty of the situation and the amount of the needed information. In other words, the more complex the situation, the more information is needed. Adequate information must be gathered to match every existent component of the situational complexity. Shared governance helps furnish the necessary informational adequacy required by equivocal organizational reality.

If an analogy can be made between the organization and the living body, frontline organization members are like hands, eyes, nose, ears, and tentacles-the information collectors for the welfare of the whole body. Frontline people can also be considered as environment spanners because they are the closest

to what is actually going on in the organization's environment and are more likely to possess intimate knowledge about the environment. This proximity to and intimate knowledge of the environment enable the frontline people to be the best sensors and collectors and possessors of environmental information. All this constitutes a rich resource that every organization can tap into for effective decision-making. Shared governance is the best method to tap such resources.

General employees, especially frontline people, not only possess intimate knowledge about the external environment, but also possess intimate knowledge about the internal environment. They are immersed in the day-to-day details of particular technologies, products, and actual execution of organizational decisions. They are located closest to the realities of the business. Nonaka & Takeuchi (1995) call frontline people the "embodiment of knowledge," "knowledge practitioners," and the "walking archives" (p. 152). Excluding general organization members from corporate governance and decision-making, in the least sense, does a disservice to the organization.

Postrel (in press) believes that rules for highly effective societies and enterprises are parsimonious. That is, the rules are few and yet very inclusive. Only such rules are able to adapt to and accommodate local knowledge. Bureaucratic rules, however, are numerous and exclusive. Bureaucratic rules are detailed prescriptions, mandatory and no-exception laws. They put people into narrowly defined "boxes" in which people have to work regardless of times and circumstances. Bureaucratic rules require people to be barely more than mere rule-executors. Postrel contends that the consequences of breaking bureaucratic rules emanate not from members' actions themselves, whose results may be neutral or even positive, but from external law enforcement. Because of their rigidity, the breaking of bureaucratic rules actually often is unavoidable if people make attempts to adapt to specific times and circumstances.

Dynamist rules, those that are manifested in successful organizations, are like prototypical atoms. Under the chemistry of times, circumstances, and ingenuity, these atoms combine themselves into molecules of discovery and creation. We all know that the number of atoms in our world is rather limited, yet they produce, through combinations, this unimaginably rich world. However, the dynamism of the "dynamist rules" is rooted not in the plethora, but in the parsimony, of these rules. The simplicity of the dynamist rules produces the richness of the

successful society (Postrel, in press).

According to Postrel, the dynamist rules have the following features: They allow individuals (including groups of individuals) to act on their own knowledge;
They protect criticism, competition, and feedback;
Their simple, generic units allow rich combinations;
They create interconnected and competing frameworks where people can formulate their local, more specific rules. All these features of dynamist rules corroborate principles of shared governance, like respect for individual units, openness to criticism and feedback, and involvement of individuals as knowledge-possessors instead of mere rule-executors

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Postrel's book is full of illustrations of the actual application of dynamist rules. One illustration stands out in my mind. This illustration cites study results by the political scientist Elinor Ostrom and shows how the use and incorporation of local knowledge can solve tricky governance problems. In the 1970s, the fishers of Alanya, Turkey, were having a crisis. Over-fishing threatened to exhaust the stocks and led to sometimes violent conflicts. Production costs rose. In desperate frustration, the local people began more than a decade of experiments to find a feasible solution. Eventually they arrived at one that preserved both the peace and the fish stocks. Each fishing boat was granted two turns at each fishing location over the course of the year. Thus no neighboring nets were blocked any longer because fishing was now spaced out. The enforcement of the stipulation was very economical, needing no further human resources since anyone who attempted to steal a good fishing spot out of turn will directly face the rightful claimant (Postrel, in press).

This creative solution that evolved from local knowledge was possible because the national legislation permits local cooperatives to make their own arrangements. And local authorities officially accept and recognize the list of fishing site assignments each year. Private administration of regulations is also cheaper and easier because people are more willing and committed to enforce rules they themselves formulate. The situation at Alanya might well have become worse if higher authorities simplistically imposed a prescription upon the local people. Local knowledge was critical to developing a system that requires a great deal of fine-tuning and information about detailed specifics. Bureaucratic governance, in such situations,

almost always turns to be both futile and costly. In complex situations, shared governance is much more effective and economical than bureaucratic governance.

Echoing Gehani's (1994) tortoise style of TQM, Postrel (in press) advocates bottom-up building. She believes that the bottom-up building is effective because it encourages gradual adaptation through fine adjustments instead of radical, all-or-nothing changes through prescriptions. The bottom-up gradual adaptation well reflects not only the natural process that people know of the world, but also the fluid and dynamic reality.

Managers and leaders fear shared governance mainly because, they believe, the dynamic fluidity of shared governance slows things down and causes disruptions, disruptions either of the stable order or their personal or clique power. To quicken things up and to maintain order and power, these managers and leaders find criticism and competition a natural enemy. Too many voices are not only too confusing but also too threatening to the bureaucratic mentality.

Yet managers and leaders fearing shared governance fail to see that order as they envision is order only in look but chaos in heart. Nice-looking shoes are not always comfortable on the feet. These managers and leaders cannot distinguish order from stagnation, or energy from lethargy. What about people's struggle between what needs to be done and what they are required to do? Is that order? What about people saying one thing in the face of the leader but spread the opposite behind the leader? Is that order? What about all the conflicts that emerge from people who only work within and care about their own assigned "boxes"? Is that order? Bureaucratic order is often built on the costly chaos of people. Dynamic order comes from the economical "chaos" of debate and participation.

Dynamic order requires dynamic rules, which, among other things, protect criticism, competition, and feedback. Protecting criticism means policing attempts to silence critics by force. This kind of protection is still inconceivable in bureaucracies which lack shared governance. Dictatorial regimes even use guns and tanks to crush criticism from their own people. This is probably why the order of dictatorial countries is often maintained at the high cost of the chaos of periodical mass movements and abrupt, large-scale policy oscillations. Shared governance is the ethical and practical method for organizational success, whether the organization is governmental, educational,

or corporate.

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