

Workforce Strategy:

A Framework for Optimistic Organizations

Fostering an optimistic environment can lead to positive outcomes. This article shows how an organization can become optimistic and resilient by maximizing five principles.

by **Bob Murray and Alicia Fortinberry**

In today's increasingly fluid and demanding business environment, the most important factors for organizations and individuals are not ability and motivation but an optimistic outlook.

Leaders and employees who realistically expect to succeed probably will. For people with the same ability and motivation who do not see the positive possibilities, probably will not.

Research shows that organizations with realistically optimistic leaders, and whose policies encourage optimism, have greater flexibility and openness to change, better employee perseverance,

morale, resilience and health, lower attrition, and fewer accidents and costly errors. Profitability is even more directly affected, since optimistic salespeople outsell their colleagues by more than 35 per cent.

Realistic optimism is also flexible in that it adapts expectations to new situations and is not the same as forcing everyone to put on a happy face or hide problems. Genuinely optimistic leaders demonstrate a consistently upbeat mood but face issues head-on. They focus on the positives about their people and encourage others to explore new opportunities without punishment when well-thought-

out ideas don't work out as hoped.

The leader's optimism filters through the organization and translates into a crucial and lasting market advantage. The strongest factor that differentiates successful organizations such as McDonald's, Cisco Systems and Southwest Airlines from competitors is the optimism of its leaders and people.

However, many leaders are pessimistic. According to a 2007 survey of *Fortune 500 CFOs*, only 16 per cent were optimistic about their firm's future.

Pessimism can signal depression and anxiety, mood disorders that are reaching epidemic proportions within organizations



and costing billions worldwide. In most organizations, 15 to 30 per cent of employees are seriously depressed, and the rate of depression is doubling every 20 years—every generation. Work stress, the major cause of depression, will increase by over 70 per cent during the next decade.

Learning optimism

Humans are naturally optimistic. However, if we constantly experience setbacks or criticism by our parents, peers, colleagues or bosses, we learn not to hope, not to trust ourselves or the future. We become pessimists, or even depressed.

But just as pessimism can be learned, optimism can be relearned. In fact it's contagious. Being around upbeat, cheerful people lifts our mood. That's why people are drawn to positive leaders and tend to buy more from optimistic salespeople. But it's not enough to have an optimistic leader; organizations need to create an optimistic culture and an environment in which flexible optimism is applied and learned.

A framework for optimistic organizations

Over the last 20 years we have had a lot of experience in creating optimism, both as

authors of *Creating Optimism* and *Raising an Optimistic Child* and through fostering positive, energized high-performing teams across a number of industries. We have developed a framework for instilling this vital outlook that is based on research and on how the brain actually works.

According to the Fortinberry Murray framework, an organization can become optimistic and resilient by maximizing the following five *PACTS* principles:

- (1) Purpose
- (2) Autonomy
- (3) Collegiality
- (4) Trust
- (5) Strengths

Employees feel uplifted when their organization is seen to be doing the right thing, even if it requires personal sacrifice.

Purpose

To be truly optimistic about the future an organization, just like an individual, has to be driven by purpose, a sense that it is there for something greater than profit or even the value of its products or services.

Having a sense of social purpose unleashes energy in an individual—not just for the cause or goal itself, but for all aspects of life. A belief that one’s actions positively contribute to the social good can even ward off depression and increase longevity through raising the immune system and preventing illness. A sense of purpose will also galvanize an individual to perform at his or her highest level.

In order to thrive even in very tough times, organizations need to think not just about profits but the social good. For example, McDonald’s credits much of its world-wide success and the energy and drive of its employees to its commitment to a social purpose, demonstrated by the organization’s commitment to employees’ well-being and the Ronald McDonald foundation for disadvantaged and sick children.

Employees feel uplifted when their organization is seen to be doing the right thing, even if it requires personal sacrifice. In the midst of the global financial crisis, many organizations found that morale lifted when employees were asked to take a pay cut or work overtime so that others could keep their jobs.

One firm, Stockland, a major Australian property company, countered the grieving caused by unavoidable downsizing by increasing the emphasis on employee

volunteering. “Quite quickly we began to see an increase in both cautious optimism and overall engagement,” says Executive Head of Human Resources Rilla Moore.

Autonomy

Autonomy is the sense of having realistic control over one’s life. This experience of empowerment creates optimism in the same way that a sense of helplessness creates pessimism.

Autonomous individuals and teams are more likely to take initiative, generate innovative solutions and feel committed to contributing positively to the organization.

Empowering leaders and managers actively involve and engage people in decisions that affect their lives and the future of the organization. They use “flat” dialogue, in which people who may have different roles and authority work together toward common goals. Empowering managers more fully delegate rather than just give instructions, assigning significant and challenging work that gives employees a sense of appropriate control and involvement as well as enhancing their confidence and skills. Whenever possible, managers give their people autonomy by explaining the significance and context of a project or task and then allowing people some choice in how it is carried out.

Collegiality

Humans are genetically made to cooperate with members of their band or tribe. We are more optimistic, happy and effective



when we cooperate, and more depressed and pessimistic when we compete against our colleagues.

Yet while most organizations generate a lot of rhetoric about collegiality and teamwork, real collaboration is often undermined by internal competition, which is in turn fueled by organization policies and remuneration systems.

In a mistaken belief that they are motivating people to try harder, many managers and leaders actually are fostering internal competition. Like threats and heightened job insecurity, encouraging competitiveness may have a galvanizing effect in the short-term but backfires in the long-term because fear actually inhibits behavioral change.

One highly talented executive who recently left his job says, “I woke up one day and realized that my greatest competitor was sitting in the office next to mine! His ruthless behavior was making the whole team feel down. It would have been OK if he had been the only one, but I looked around and saw that there were many like him and that they were encouraged and lauded by management.”



Indeed, a CEO of a large multinational professional service firm recently says that he believes his firm's processes were actively counteracting much of their costly and energetic efforts to strengthen cooperation among individuals and teams. "I don't know a better way but I'd sure like to find one," he says.

Organizations aiming to build sustainable optimism need to be prepared to thoroughly examine their procedures and cultural norms, eliminate or minimize those which promote internal competition, and accentuate those which promote cooperation.

Fostering an environment in which people can openly and honestly communicate their needs and clarify roles and responsibilities is also a key step toward building a culture of collaboration.

Trust

Trust between management and staff as well as between colleagues is essential to creating a cooperative environment. Yet recent surveys show that about 70 per cent of employees don't trust their supervisors and over 60 per cent of managers don't

trust the promises made to them by their staff. Over the last year, trust in senior management has decreased by 76 per cent.

Building or rebuilding trust requires clear and frequent communication from management to staff and genuine concern and willingness to meet or at least discuss and negotiate the needs of individuals. Trustworthy leaders demonstrate congruent values and behaviors (walk the talk) and look for ways to build a sense of commonality and shared purpose.

Strengths

People are more optimistic and engaged when they feel their strengths are appreciated and less so when their mistakes are emphasized. David Grazian, the Director of Corporate Taxation at Granite Construction, a large US construction company, says, "When people don't get enough recognition, they will think, 'What am I doing this for? Nobody cares.'"

Contrary to what most people think, new research shows that we don't learn from our mistakes, but from our successes. Emphasizing past failures only leads us to repeat them. One HR Director of a prominent Australian professional services firm says, "No wonder we often speak about the same 'areas for development' year after year in peoples' performance reviews!"

By releasing the "happiness" brain chemical called dopamine, receiving or even giving praise enables the brain to work smarter, more flexibly and more

collegially, and more eager to learn new behavior.

However, a culture of praise, which characterizes optimistic organizations, isn't attained by just giving a "well done" for obvious achievement, but through a firm-wide habit of looking for the positive, acknowledging effort and innovation, and encouraging new ideas even when they aren't yet perfected. In a praise-centered organization, people show that they value each other not just for obvious wins and *what* they do (Congratulations on winning that new client), but for *how* they do it—"I think your new way of making client presentations is much stronger"—and even for *who* they are—"I really enjoy working with you".

Conclusion

A realistic and optimistic outlook leads to positive outcomes. Particularly in uncertain and challenging times, the competitive advantages of an optimistic, energized leadership and employees are clear. Thanks to the recent brain research, the keys to an optimistic organization are now available. How will you unlock this potential in your organization? **HR**

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