Magical Thinking as Organizational Dysfunction

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Abstract

Many organizations attempt to work and manage by using strategies and tactics that cannot achieve the goals for which they were designed. We call this phenomenon *magical thinking,* which means believing that unrealistic organizational strategies and tactics can be successful. In this paper, we explore the nature of this phenomenon, provide some examples of magical thinking, and posit a theory about why magical thinking is common in organizations. Finally, we propose that the management tools, used in Socio-Economic Approach to Management (SEAM), serve to reduce the proliferation of magical thinking in organizations.

Key words: magical thinking, socio-economic theory, organizational neurosis, TFW virus, SEAM management tools.

In our SEAM consulting work with organizations, people complain that lack of time is often an issue. Frequently we hear clients say, "If only I had enough time, then I would be able to get everything done." Then they go on explaining that they have too much work and too little time to complete the work. As result, they feel stressed, hopeless, they believe they are failing at being good employees, and some become depressed and burned out. They see the source of this problem as not having enough time to do all of the work they need to do. However our conclusion is that the real problem is that these people are delusional. They have come to believe that they can do more work than they actually can do. We coined the term "magical thinking" to explain to people that often their thinking is the source of their problems.

In this paper, we analyze the nature of magical thinking and propose that this type of thinking is common in the modern workplace. Moreover, magical thinking is harmful to employees and destructive of organizational productivity and efficiency. We argue that magical thinking, when it causes harm, is a matter of neurosis that can lead to physical and mental illness. Finally, we show an example of how the SEAM management tools reduce magical thinking, and thus benefit both individuals and organization.

This paper is a case study, in which the focus is a pattern of dysfunctional behaviors which are the result of illogical thinking in organizations. We propose that the cause of the illogical thinking is to be found in the predominant mental model of management, and that the

work of SEAM serves to correct the problem. The paper is the result conducting SEAM interventions in five organizations in the United States over the past five years.

Magical thinking as a consequence of the flawed mental model

When looking at the situation through the lens of socio-economic theory, one can identify the TFW virus as the cause of people's delusion about the amount of work they can do in a certain unit of time. The TFW virus is a metaphor for the dominant mental model of management in the western world. The virus metaphor reflects the set of beliefs about people and the workplace that evolved from the work of Taylor, Fayol and Weber (Hazelbaker, 2016; Heorhiadi, Conbere, & Hazelbaker, 2014; Savall, 2016). The TFW virus has been spread through business schools in the western world, and shaped the normative mental model about business and management; yet even people without management training frequently have been infected by the virus.

The purpose of this paper is not to provide a thorough description of the TFW virus. However, for those to whom the metaphor is new, here are some of the essential points. First, the TFW virus leads to a mental model, in which the belief about business is that the purpose of business is profit, and employees are tools to earn profit; thus they are human capital. We might add that the purpose of not-for-profit organizations is achieving their missions, and employees even in these organizations are human capital to serve the organizational mission. Employees are expected to compartmentalize their lives. They are supposed to leave feelings and personal issues at home and to become rational beings at work. Another belief is that it is more effective to specialize and separate work tasks than to think systemically. Actually one can see the lack of systemic, of holistic, thinking in the belief that people are able to leave their feelings and the rest of their lives at home.

Outcomes of the TFW virus include:
- The workplace is fractured – broken into parts that often do not communicate well with each other
- People believe that the needs of the organization are more important than employees, which leads to heartless processes
- People lose interest in their work, they lose hope, they become depersonalized
- People come to believe all this is normal – they become blind to other possibilities

Normally when people are asked to do more than they can really do, the response is "That is not possible." People may attempt to fulfill the request, but they do not feel undue anxiety when they fail. What has been surprising in hearing about people's magical thinking is their stress and anxiety at their inability to do what rationally they know they cannot do. This is an unreasonable response and it is the result of being infected by the TFW virus. One's reasoning

is overwhelmed by the flawed mental model. At this point, we need to address the concept of neurosis.

Magical thinking as a form of neurosis

Freud and Jung used the term neurosis to describe the internal process, in which an unconscious conflict creates anxiety. Jung (2016) believed that the internal task of the ego is to bring the conscious and unconscious aspects of the mind into a workable harmony. When the ego fails to integrate elements of conscious and unconscious, the result is that one has a poor ability to adapt to one's environment and to change one's life patterns. Everyone has at some point in life some unconscious unresolved conflicts, and what matters is whether this conflict is resolved in a healthy way, or whether it leads to anxiety and/or depression that can affect one's mental and physical health. We use the term *neurosis* to mean the unresolved inner conflict, which is severe enough to threaten one's mental and/or physical health.

Let us provide an example to convey our point. When a person has more work to do than the person can reasonably achieve, two inner messages occur. One message is "I can do all the work," and the other message is "I cannot do all the work in the time I have to do it." A healthy resolution comes from awareness of both sides of the tension and then making a choice. E.g., the person may choose not to do everything, or to try to do the work with the awareness that failure is a strong possibility. A healthy resolution of the inner conflict is possible when a person recognizes a tension between contradictory messages, makes a choice of action, then accepts the outcome of the action, and moves on.

However, sometimes people want to do, or are being told to do, more than they can achieve. The TFW virus fosters the belief that employees really should be obedient to their bosses, and if they cannot measure up, then there is something wrong with them. The people, infected by TFW virus, accept the premise that doing the impossible can be done and thus should be done. At this point, the second side of the inner tension, which is "I cannot do all the work," is repressed and buried in the unconscious. It is easier for the person to bury the awareness that she cannot do the work, rather than admit that she cannot do it to numerous reasons – saving face, pleasing the boss, wanting praise or recognitions etc. Now, there are two contradictory messages on the unconscious level – "not being able to do more work" and "doing impossible things is possible," which leads to unconscious tension (see Figure 1). The unresolved inner tensions may lead to anxiety, depression, overwork, which in turn leads to burnout and/or depersonalization (Fromm, 1955). In our practice, we have often seen people with each of these symptoms that were caused by their magical thinking, or delusion that they could do the impossible.

Through our practice, we began to document different types of magical thinking, existing in organizations. It is fascinating to see the frequency with which magical thinking happens, as well as the variety of situations, in which very smart and reasonable people fall into magical thinking. Below we present some examples of the most common and frequently used types of magical thinking.
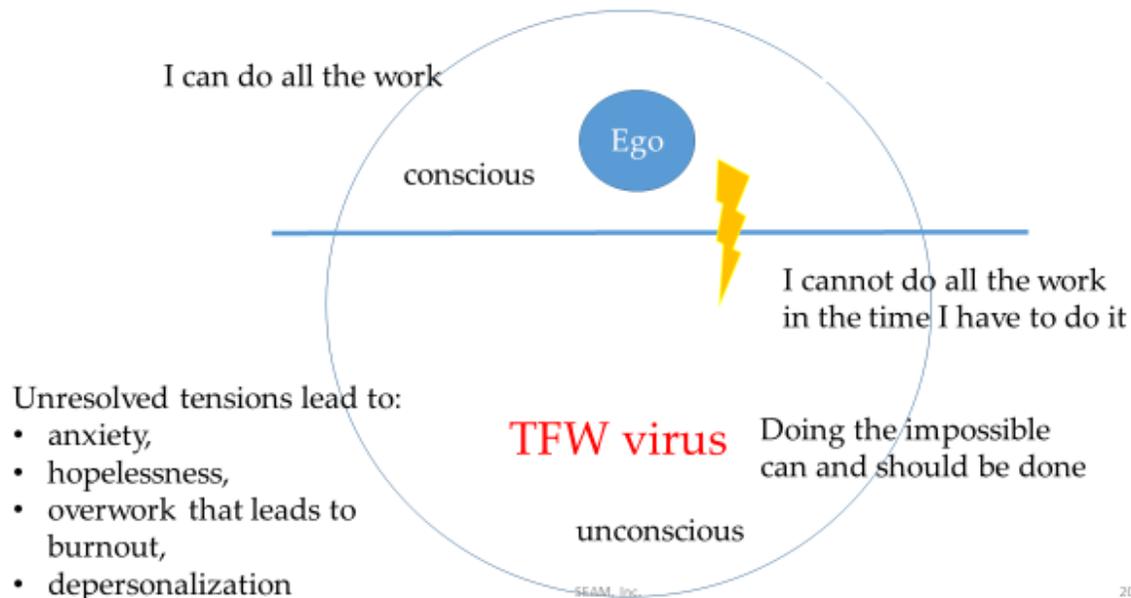

Figure 1. A Jungian map of unhealthy tension resolution

Do more with less. One is a rather common business practice of committing to doing more with less resources without reducing quality. At one point, the phrase that accompanied the demand to do more work with less resources was accompanied by the maxim, "Work smarter not harder." While this might be appropriate at times, there is a limit that needs to be recognized.

The reasons to try to do more with less are often noble. An organization's patients, or students, or clients are very important and so the organization has to keep providing services, even when there are less people or resources to do the work. The fact that doing more with less will inevitably lead to lower quality is usually not discussed or is absolutely denied. We often see people, especially those who are good in what they are doing, who get more burdened with a workload, which they cannot possibly complete. We have seen people who carry the work of two, or even three employees, because there is no one else to pick up the tasks. Common sense dictates that it is not possible to do three jobs without impacting the quality of the jobs. As one person from an IT department told us, "we never finish all projects by 100 %. If we get 80% done, we move on to another project." But the 20 % uncompleted work will turn later in major dysfunctions and eventually will lead to extra work and dissatisfaction from the clients.

Some psychological consequences to doing more with less include a Hero's or Martyr's complex in employees. While being a Hero may flatter one's ego, the Hero's complex is dangerous because people end up enslaving themselves to a cause and they do not notice when they reach the burn-out point. On the opposite extreme, the Martyr's complex may lead to feeling like a victim, feeling unvalued, which in turn leads to employees' disengagement, hopelessness, or passive-aggressiveness.

Interruptions do not really matter. Not addressing the interruptions that eat away at one's productivity is another form of magical thinking. The interruptions can be as simple as the constant viewing of one's email each time there is a notice of a new message; or constant phone calls that prevent one from doing work that requires much concentration; or people stopping by to ask a work-related question or just to say hello. The dysfunction is very sneaky, as the interruptions do not seem like a serious problem, yet they eat up a lot of time and reduce people's focus and effectiveness. When an interruption happens, people, who were doing a task, have to focus on a different issue, and then to refocus on the previous task. It may take between 30 seconds to 5 minutes per interruption, but when there are many interruptions per day, one can see the loss of time and effectiveness. When we tell people that interruptions are dysfunctional, their first reaction is that interruptions are part of work. After recognizing the fact the interruptions are an issue, their second reaction is to argue that the interruptions are inevitable and nothing can be done to change them. Both reactions are examples of blindness, which is one of the symptoms of the TFW virus. In one office of seven people, we measured the hidden cost of crisis phone calls that continuously rang and did not allow any member of the group to focus for more than a few minutes. The wasted time on interruptions was estimated at $60,000 per year, in addition to the stress that employees felt. After a reorganization of duties, they were able to reduce the hidden cost by one-third. In another company, in an office of 30 employees, the hidden costs of interruptions was calculated at $ 324,123 a year.

New supervisors will know what to do, without supervisory training. Another type of magical thinking is promoting employees to supervisory positions without a) removing from them some of their prior duties, and b) providing a proper training to manage people. Everyone, with whom we have worked, knew that one needs knowledge and skills to be a good supervisor. It is unrealistic to expect that a newly promoted employee will automatically know how to be a good supervisor. Expecting that newly appointed supervisors will automatically know how to supervise people is magical thinking that can be found in many organizations.

It gets worse. Because newly promoted supervisors are not trained to be supervisors, they do not learn that they have to spend part of their time managing the employees who report to them. The supervisors now face two tasks: supervising, which is a mystery to them and does not seem to be valued by management, and doing all of the operational work they did before, and which was previously the source of job satisfaction. As a result, newly appointed managers

usually spent their time in operations, not supervision. While they acquired new management responsibilities, they did not develop the mindset of being a manager. Many organizations have fallen into this type of magical thinking, and then leaders wonder why their employees have low morale or decide to leave.

Failure to steer the organizational ship. Leading an organization is like steering a ship. Not putting enough time into steering and then expecting the organization to meet its strategic goals successfully is another type of magical thinking that is found among an organization's top leaders. Steering includes aligning people and resources, synchronizing the work of different silos, so their efforts are in accord with the organizational mission and strategic goals, and developing the potential of employees. The socio-economic theory suggests that steering the organization is the primary task of top managers. In fact, lack of steering is one of the five root causes of all organizational dysfunctions (see more on root causes in Savall & Zardet, 2008; Savall, et al., 2008; Conbere & Heorhiadi, 2011). We include both leading and managing in the task of steering. As Minzberg (2013) pointed out, good leaders have to manage well, and good managers have to lead.

Lack of steering may take different forms. The most obvious form is when an organization does not have a clear direction. This may happen when not all leaders agree on or have a clear picture of the organizational mission or strategic plan. In our work with top leaders, we often heard that the leaders knew the mission, yet upon further exploration it became clear that the leaders had a different interpretation of the mission, or a different understanding of how to fulfill the mission. The lack of agreement on mission and strategic plan led to competition to reach different goals. The top leaders were not aligned, and so their departments were acting on different assumptions about where leaders were steering. A variation on this lack of steering happens when leaders do not believe that a strategic plan was meant to be followed and so they conducted business as usual. The metaphor for this situation is a strategic plan that sits on a shelf while the organization wanders aimlessly.

Another form of lack of steering is when top leaders, instead of thinking strategically and system-wide, get caught up in micro-managing or the trials of daily management. They look closely at the minutia and miss the big picture. At one organization with which we worked, every week top leaders would review all expenditures in the multi-million dollar budget. They spent so much time and energy on the budget review that they were not able to steer, to align the work of all of the departments in the organization. As a result, departments worked in isolation which caused many dysfunctions.

When leaders are not trained to think systemically, they focus only on their own division, rather than on how the whole system is affected by what happens in their division. Not seeing the big picture and burying oneself into operational activities can lead to the lack of synchronization

of different silos and turf wars. An example of turf wars can be seen in budgeting. We have seen organizations, in which once the annual budget was set, people hoarded their portion of the budget, regardless of the needs of other parts of the organization. The lack of synchronization allowed the turf war, and the organization, as a whole, paid the price. Had there been good steering, the top leaders would have reassessed the needs of the whole organization and realigned the budget to best meet the organizational mission.

To summarize, magical thinking is alive and well in the workplace and is the result of the TFW virus. Magical thinking may cause stress and anxiety, develop a sense of failure or hopelessness, lead to burnout and neurosis. Our experience has led us to conclude that magical thinking is causing a great amount of organizational dysfunctions and negatively impacts people and their wellbeing in the workplace.

SEAM as an antidote to magical thinking

Over four decades, the socio-economic approach to management proved to be the best antidote to the TFW virus. We claim that the SEAM tools (Savall & Zardet, 2008; Savall, Zardet, & Bonnet, 2008) are the best antidote to magical thinking. As part of a SEAM intervention, managers are taught to use six simple management tools. Three of these are especially good in reducing or eliminating magical thinking. Our focus in this paper is on reducing magical thinking about time.

The first tool involves assessing how managers are using their time. Each manager keeps a log of what they do over several typical days. What is different from the traditional time management tool, known to everyone, who went through a business school, is that the SEAM time assessment tool does not have a punitive goal. The SEAM time assessment tool also distinguishes time spent on activities that contribute to dysfunctions, and time spent on fixing or preventing dysfunctions. People have to examine their time and assess how much time was spent within the following categories:

- on one's routine management duties,
- doing the work of people at a lower pay scale,
- responding to organizational dysfunctions,
- preventing dysfunctions,
- steering the people for whom the manager is responsible.

This time assessment tool typically is the first one that SEAM intervener-researchers introduce, so from the very beginning of the intervention, managers start thinking about how they use their time. They become more respectful of their time. As one IT supervisor told us, "I used to jump into task right away, regardless of who asked me to do it. Now I am thinking twice

before I do something because I do not want to waste my time on dysfunction. The time assessment tool taught me to respect my time."

The next tool is the Internal-External Strategic Action Plan. This document lists the strategic goals to be achieved, and includes both the goals for development, or the external plans, and the goals for reducing dysfunctions, or the internal plans. The plans outline the objectives to be achieved in six months blocks of time, and the people responsible for achieving the goals.

The Internal-External Strategic Action Plan prepares managers for the Priority Action Plan. From the Internal-External Strategic Action Plan, everyone can see the goals for the next six months. The task of each manager is to create a table, in which they include the internal and external goals. The managers also have to add their routine management duties, as well as estimate time needed to deal with emergencies. This last piece is especially good for preventing magical thinking, as often organizations do not take into account that everyday activities and emergencies may eat up a lot of time, not leaving enough time for development and strategic planning.

The next step for managers is to estimate the amount of time needed to complete each of the tasks on their Priority Action Plan. To date, everyone has found that they did not have enough time to be successful in all their tasks. One executive admitted, "Only after completing the Priority Action Plan, did I realize that I won't be able to complete this project by the end of this year. In fact, I can see that I will not be able to start it sooner than the second part of the next year." The tool allowed the executive to become aware of his magical thinking in regards to what could be completed.

After all tools are completed and synchronized, managers have to meet with their bosses and negotiate how they would spend their time and on what activities. As a result, managers begin to view their time, capacity, and plans realistically, rather than succumb to magical thinking.

A fourth tool, the competency grid, reduces magical thinking about promoting supervisors without training them. In the competency grid, department members list all of the knowledge and skills needed to complete their work successfully, as well as what skills need to be developed for future work. The skills of being a supervisor, such as interpersonal, conflict management, and communication skills, are included in the grid. The next step is assessing the extent to which each employee has mastery of the knowledge and skills, and which skills employees would like to develop in the future. The recognition of the supervisory skills that are needed to be a good supervisor leads to a much more deliberate approach to developing supervisors' knowledge and skills and to robust succession planning.

While the competency grid may seem obvious, in our experience many organizations are not spending the time to assess needed competencies, including those of supervisors and leaders. In fact, often people say to us, "Where have you been with this tool X months ago, when we were hiring in our division? Now we would hire a person with a totally different set of skills, the one that our division needs the most."

We have not presented a full list of the types of magical thinking, we have observed in our consulting, nor have we described all of the ways, in which SEAM intervention can reduce magical thinking. Our intent was (a) to describe magical thinking, which is caused by the dominant mental model of management, and (b) to show some of the ways in which the SEAM management tools work to counteract the neurotic behaviors that are result of the TFW virus. In our experience, each SEAM intervention has led to less magical thinking, more organizational efficiency, and a healthier and more joyous workplace.

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