

# change

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# Better Workplaces

*Better Workplaces* is a research initiative of the Sobey School of Business. It is a key focus in our ongoing effort to produce research that has a meaningful impact on the way we do business. The *Better Workplaces* research agenda is aimed at developing insights into the balance of factors that encourage positive organizational outcomes, including improved organizational performance and customer care, employee health and safety, good community-workplace relations, and ethical business practices.

One of the initiatives under the Better Workplaces umbrella is the introduction of this new electronic journal – *The Workplace Review*.

## Mission

The mission of *The Workplace Review* is to become a regional forum where people can explore different perspectives of work.

*The Workplace Review* will emphasize research that is current and relevant, with a high potential for immediate application and impact.

## Scope of the eJournal

*The Workplace Review* showcases the strength of our diverse, international faculty who are in touch with day-to-day workplace challenges. Drawing upon our diverse community of researchers, the journal will reflect developing issues in the functional specialties of marketing, finance, operations, information systems, economics, accounting, and management. It will address issues such as personnel staffing and selection, human resource management, leadership and coaching, occupational health, industrial relations, spirituality, diversity management, corporate governance and business ethics. The journal will remain flexible enough to incorporate future or emerging issues. All articles will focus on the central theme of the challenges and opportunities surrounding work, working and the workplace, but will not necessarily reflect the views of Saint Mary's University and the Sobey School of Business.

# the workplace review

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# Letter *from* the Editor

BY ALBERT J. MILLS

Welcome to the spring issue of the Workplace Review and our focus on change.

Spring is a time of renewal, optimism and change, or so some people tell me. The calendar says that it is spring, yet, as I look out my window, there is still snow on the ground and the sky is overcast. Nonetheless, I am embracing the change or, at least, the idea of change. Some of my skiing friends are less happy and those with hay fever are downright distressed. And there are some who just plain refuse to accept that it is spring until they see the new crop of flowers blooming.

Workplace change is somewhat like spring. Somewhere, someone tells us that it is time to embrace change and senior management huddle around the latest change program. This is followed by a flurry of activity, the expenditure of tens of thousands of dollars, massive restructuring and, often enough, a series of lay-offs as companies introduce culture change, Total Quality Management (TQM), reengineering, Six Sigma, the Balanced Score Card, or whatever is the current wisdom on organizational change. But, as Jean Helms Mills warns in our lead article, senior managers need to take a good hard look at what they may be getting into before they make that leap. For those managers who do decide that the journey is worth taking Bill Black, the former CEO of Maritime Life, offers some working principles in our lead interview.

Regional organizations currently working to effect change are the focus of our Workplace Benchmarks and Business Education columns. E. Kevin Kelloway leads off with a discussion of the "healthy workplace" and the contribution of the Association of Psychologists of Nova Scotia and the CN Centre for Occupational Health and Safety to encourage "psychologically healthy workplaces". This is followed by my own report on the recent restructuring of the Atlantic Schools of Business (educators' conference) as it approaches its 35<sup>th</sup> year. In sharp contrast, our Reports and Returns column takes on the issue of dispute resolution as Terrance Weatherbee reviews the recent industrial conflict at Aliant and offers suggestions for avoiding unhealthy outcomes. In a related piece Larry Haiven's review of *The Wisdom of Crowds* reminds us of the dangers of group think.

That change can also involve opportunities as well as threats and risks is the lesson of Ather Akbari's discussion of the attempts by the Atlantic Provinces to attract and retain immigrants, and Dawn Jutla's assessment of new privacy policies and their potential to aid in the drive for competitive advantage.

Finally, Hermann Schwind and Gordon Fullerton return to the idea that change is ultimately in the eye of the beholder. In our "Myths of Management" column Hermann Schwind takes on the issue of pay equity, contending that arguments for change often rest on perception rather than proven fact. In our commentary box Gordon Fullerton gives his take on the recent debate on Sunday shopping in Nova Scotia, reminding us that change is also a political process. Readers are invited to respond to these (or any other) of our features.

Talking of change.... Look out for our fall issue where we focus on strategy. ○—



# Making Sense of Organizational Change

BY JEAN HELMS MILLS

Since 1983, Nova Scotia Power (NSP) has undergone a series of change programmes, ranging from a planned culture change to Business Process Re-engineering, to the Balanced Scorecard. This company may appear exceptional because of the number of change techniques it has engaged in during a relatively short time. However, based on the magnitude of change programmes they have used and the timeframes in which they have been implemented, NSP has joined the ranks of organizations as diverse as Scandinavian Airlines, TransAlta, General Electric, Disney, and British Airways, to name but a few, who are willing to continually adopt the latest change management trends. What is interesting is how companies like these have

become exemplars of change, why the management of organizational change has become an imperative for organizations that want to be considered 'cutting edge', and how it has grown from a piecemeal approach to a billion dollar industry

Testimonials from both Nova Scotia Power's Director of Internal Auditing claiming that the elimination of jobs through re-engineering made his company more cost effective and customer focussed [1] and Jack Welsh, CEO of General Electric stating that Six Sigma saved his company \$5 billion add to the desirability of such programmes and reinforce the need for both change and experts who can manage it.



Between 1980 and 1995, the number of books in the US Library of Congress dedicated to change management went from zero to 170 [2], and a website search in 2002 indicated just under 2000 articles had been published on organizational change in the previous five years [2]. Since the mid 1970s, the number of books, and scholarly journal articles on organizational change, including ways to manage change and ways to overcome resistance and ensure successful change outcomes, has grown rapidly.

The biggest sector of change management literature is focused on specific techniques of change. A review of any management journal, newspaper business section, management text or magazine such as *Fortune* or *Forbes*, or management section in any bookstore confirms that organizational change as an imperative

not part of the business school curriculum and the approach was considered piecemeal, at best. Mainly developed from learning theories, what we considered 'organizational change' then, took an action research approach [5] and change management techniques, better known as organizational development strategies, such as quality of working life, job enrichment and socio-technical theories focussed on ways of redesigning jobs and rewarding and reinforcing desirable employee behaviour. Although today's discourse of change contains many elements of the earlier approach to change, the difference is that organizational change is now considered holistic, rather than a piecemeal, approach to organizational effectiveness. The focus of change used to be on potential strategies for managing and organizations engaged in 'organizational development' techniques,



has become a key management discourse. For example, between January 1994 and February 1995, more than 1200 articles were published on re-engineering [3], and between January 1994 and February 1996, more than 1000 articles were published on Total Quality Management [4]. While the focus may vary, the underlying message is the same: if your company has not been involved in some change initiative, it may not be living up to its potential. Indeed, those that have successfully promoted change have been elevated to guru like status, as change fads and fashions come and go.

Yet organizational change as a stand alone topic is a relatively new field of study. Before 1980, courses specifically focussed on organizational change were

and changing the organizational environment was aimed at the behavioural or structural levels. Nowadays, the emphasis is on organizational effectiveness, customer satisfaction and survival and tactics that help the organization achieve these goals.

So how did this happen? Over time, globalization has forced organizations to re-evaluate their strategic direction causing a shift away from a concern for the individual to the broader concerns of how to deal with competition and an unstable business environment. During the late 1980s and early 1990s, privatization was seen as the logical solution. But it brought with it a new set of issues and problems that helped redefine the definition of change as a "planned or unplanned response to pressures and forces" [6] and created a →

sense of urgency. With the publication of Tom Peters and Robert Waterman's 1982 seminal book "In Search of Excellence", the idea of creating 'excellent companies' through programmatic change captured the interest of the business community and solidified the need for managers to seek out pre-packaged solutions that would ready them for the unexpected and help them manage it. So popular was this book that it became the first management book to place first on the New York Times bestseller list and be translated into 16 different languages. It was no accident that companies, Nova Scotia Power included, were convinced by consultants of the benefits of implementing culture change in the mid 1980s.

Peters and Waterman's culture change was soon followed by other programmatic approaches to change, such as total quality management (TQM),

popularity of organizational change as an imperative also owes its legitimization to the normalizing of business education and management practices as business schools try to blend with the business environment by focusing on practical business applications. In fact, suggested Galt [8] that management education and business school trends are guided by managers' needs. This is supported by a recent analysis of 138 business school texts published between 1960 and 2000 that showed that in relevant texts, reengineering was discussed in 60 percent, Total Quality Management in 47 per cent, organizational culture in 69 percent and organizational development in 67 percent [2].

According to Huczynski [9], this blending of the academic and business communities has legitimized the central role of management gurus, such as Peters and Waterman, Hammer and Champy (BPR) and Peter

“Overtime, globalization has forced organizations to re-evaluate their strategic direction causing a shift away from a concern for the individual to the broader concerns of how to deal with competition and an unstable business environment.”

business process re-engineering (BPR), the learning organization, six sigma and the balanced scorecard, to name a few. The popularity and acceptance of each approach were premised on the notion that the previous one was inadequate or actually harmful to the organization [7], so that over time, the recurring theme of needing to find an approach to change that emphasized customer service and the use of 'expert' knowledge to implement change has become part of the broader framework of the discourse of change.

While it is evident that the phenomenon of change has been largely driven by economic factors, the

Senge (the learning organization), in bridging management theory with management practice. But it is not only the business 'gurus' who are helping to normalize the process of business education and management practice. At other levels, managers are being informed of the benefits of certain programmes by business publications mentioned above like *Fortune* and *Forbes*, which provide a 'how to' guide for the practices put forth by the gurus. This in turn creates a need for consultants, who can offer their expertise in implementing the programmes and sell the idea of a ready-made solution to those facing a plethora of choice.



The exponential growth in both frequency and magnitude over the past 20-30 years and the vast resources now committed to change programmes in companies around the globe have created a need for today's business students as well as managers and aspiring managers to familiarize themselves with the phenomenon of organizational change.

Results of a recent survey of North American-based companies involved in change programmes over the past twenty years, showed that thousands of top corporations, such as Shell Oil, Mercedes Benz, McKinsey, had engaged in some form of change [2]. Whether it was a planned change in strategic direction, the implementation of a specific change process, or an unplanned change resulting from unforeseen environmental challenges, the change was most likely costly in terms of resources and human loss and it was often not successful. But despite these outcomes, many organizations have often introduced more than one programme. Although the unsuccessful programmes have been blamed on a variety of factors, it is interesting to try to understand why companies continue to move from one programme to another and what can we learn about and from the failures.

Anyone interested in organizational change in the 21st century needs to have a solid grounding in

the early theories of organizational change, and an understanding of the factors that contributed to its evolution from a series of techniques that provided a piecemeal approach to bettering the workplace, to the full scale management discourse that it is today. ○

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## profile:

Prior to her academic career, Dr Helms Mills worked in the airline industry for seventeen years. Luckily she has been able to combine her interest in aviation with her research interests. Currently, Dr Helms Mills is a co-investigator on a three year Social Sciences and Humanities Research Council grant (SSHRC) studying "The Gendering of Organizational Culture Over Time: Case Studies of Selected US Airlines". She has presented her work at numerous national and international conferences and is the author of "Making Sense of Organizational Change" (Routledge, 2003) and co-author of three other books. Dr Helms Mills has numerous scholarly publications. In addition, she is the Associate Editor (The Americas) for the journal "Culture and Organization" and the Vice President of Communications for the Administrative Sciences Association of Canada (ASAC).

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# myths in management

## Pay Equity: Fairness is in the Eyes of the Beholder

BY HERMANN SCHWIND

Statistics from StatsCanada have shown for years that women earn about 80% of men's wages and salaries. Unions' and women's groups have used this wage gap as evidence of discrimination against women and as a basis for demands for more effective legislation on pay equity. They will not accept any evidence that this is impossible, i.e., that there are no objective measures to assess the monetary value of a job and that any assessment result will be a political decision. They use as an example that different jobs can be compared like fruits. Apples and oranges can be compared according to their nutritional values, measurable in calories. A comparable measure for jobs would be point values, i.e., points for compensable factors. The problem remains that the development of this measure is purely subjective from many perspectives.

It begins with the selection of members for the Job Evaluation (JE) Committee (JEC), the team that evaluates every job in an organization. The JEC should have a representative from every important interest group in the organization but ideally not more than seven (fewer is preferable to manage committee meetings effectively). The characteristic of such a member is decisiveness. If a group selects a representative who is knowledgeable about JE, communicates persuasively, and even better, pounds the table, this representative will score more points for jobs relevant to her group. This selection is the first inequality in the evaluation process.

The next step is the weighing of the compensable factors. What weight should be given to education versus experience versus skills versus job hazards? This decision, again, is arbitrary and will be decided by opinions and arguments, not objective measures.

Then the factors are broken down into levels (also called degrees), which again have to be weighted by giving them points, an arbitrary decision. Depending on who has the stronger arguments or is more persuasive, these levels receive fewer or more points, thus giving advantages or disadvantages to lower or higher level jobs.

Following that, an internal Key Job is chosen. This requires that a "typical" job in the organization is selected as a basis and its point value will be used to calculate the pay coefficient by dividing its point value into a wage-survey-based money figure. The choice of the key job is a committee decision, nothing objective. The choice of the survey result is, again, a committee decision. Which one is the more appropriate figure? Comparative organizations in the local setting? A broader choice? Province-wide? Nation-wide? From a compensation consulting firm? StatsCanada? Own survey?

As this discussion shows no objective decisions involved. In the JEC, opinions will be expressed and beliefs, personal biases, and positive or malicious intentions will be included.→

Fairness is in the eyes of the beholder.

Is, then, a “fair” pay equity possible at all? The answer is, only “as fair as possible”. The important point is that the stakeholders (employees) must agree that what the committee comes up with is fair, and it is the perception of this fairness that counts. The stakeholders have to understand that all the above decisions are “the best the committee members can come up with”. Stakeholders have to believe that their colleagues tried their best to assess points and make choices about weights, points, number of factors, levels, survey results, and methods. The choices are many and each is a team decision. Absolutely nothing is objective in the job evaluation process.

How about the statistical methods used in major cases? As well, even the method is arbitrary because many methods are available. Committee members will choose the method they believe is fair, certain that other experts will disagree.

One can also expect that another JEC will come up with different choices and evaluations. One study demonstrated that three different committees came up with three different assessments of three different jobs, all first, second, or third choices. So how fair is pay equity? Only “as fair as possible.” In other words if what a JEC comes up with is PERCEIVED to be fair, then it is fair. ○—

## Profile:

Dr. Hermann Schwind is Professor Emeritus with the Sobey School of Business and has taught Human Resource Management and International Business for 25 years in the Department of Management. He is the principal author of *Canadian Human Resource Management*, McGraw-Hill, now in its 7th edition, has published over 80 articles and papers, and contributed chapters to seven books.

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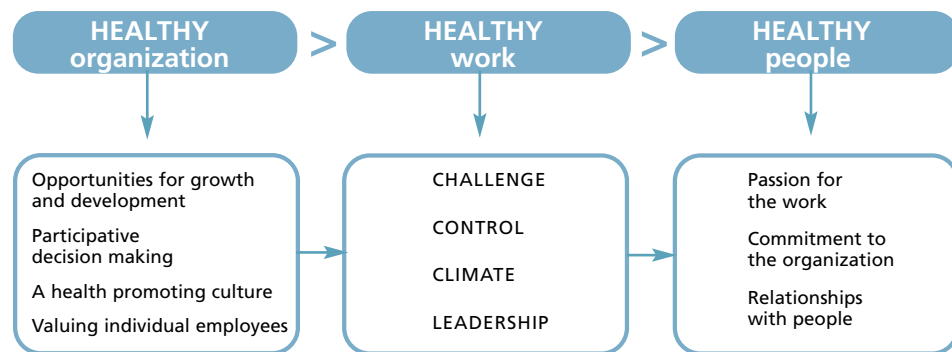
# The Healthy Workplace: Some New Thinking about an Old Issue

BY E. KEVIN KELLOWAY

When asked to define the capabilities of a healthy person, Sigmund Freud responded “*To work and to love*”. While many of his theses have not held up to empirical enquiry, Freud’s identification of an intimate connection between work and mental health is consistent with a vast body of scientific literature. In analyzing data collected by the Gallup organization, a team of researchers provided convincing evidence that employee variables such as attitudes and a sense of engagement are linked to business unit outcomes such as customer loyalty, firm profitability, productivity, turnover and safety [1]. In short, enhancing employees’ psychological health results in the economic health of the firm. In this article, I want to review what we know about the notion of a healthy workplace and point toward the direction we need to take to achieve both individual and firm health.

The Capital District Health Authority, one of Nova Scotia’s largest employers, has adopted a strategic goal of “healthy people in healthy communities” as part of its five-year strategic plan. At the risk of taking liberties with this slogan, I would propose an expanded focus in that we need to be concerned about *healthy people* doing *healthy work* in *healthy organizations*. Each of these terms bears closer scrutiny.

## HEALTHY PEOPLE DOING HEALTHY WORK IN HEALTHY ORGANIZATIONS



### HEALTHY PEOPLE

What does it mean to be healthy? To begin with, we know that health is not simply the absence of symptoms. Hypertension (high blood pressure) is known as a “silent killer” precisely because of the absence of symptoms associated with the condition. An individual suffering from hypertension is not “sick” in the sense that he or she is not necessarily feeling bad or experiencing symptoms. At the same time, the death rate associated with cardiovascular disease makes it all too apparent that the hypertensive individual is definitely not healthy.→



Our studies have focused most recently on the notion of positive mental health - the degree to which people are actively "feeling good" (i.e., cheerful, enthusiastic, energetic, etc) [2, 3]. We have found fairly consistently that the experience of stress is only moderately related to positive health. Individuals who do not experience stress symptoms are not necessarily healthy. Indeed based on our data, a complete lack of stress accounts for less than 40% of positive mental health [4]. In other words, if we could magically transform all of our organizations to totally eliminate all forms of stress, our employees still might not be healthy!

Yet for years we have adopted precisely that approach, focusing on the notion of job satisfaction and the conditions that lead individuals to become satisfied with their jobs. Organizations spend inordinate amounts of money on annual employee surveys focused on employee satisfaction, some basing at least a portion of managerial compensation on an employee satisfaction index. The rationale for this focus is that if we can create satisfied employees, we will achieve positive business outcomes. Yet the notion that the satisfied worker is a productive one has long been discredited, and job satisfaction is, at best, only weakly related to the outcomes of interest.

Although we have devoted considerable organizational resources to the pursuit of job dissatisfaction, recent research and thinking have lead many people to question the wisdom of this focus. Do we really want employees to be satisfied (i.e., the feeling you might experience after Thanksgiving dinner)? Wouldn't we rather have employees who are excited? enthused? motivated? In short, wouldn't we rather have employees who love their jobs rather than those who are merely satisfied with them?

**What does it mean to love your job?**

Psychologists have devoted considerable research to trying to understand the nature of interpersonal attraction and defining what "love" is. One particularly popular model is Sternberg's tripartite definition of love [5]. Sternberg suggested that when we love someone, we experience passion for the individual,

commitment to the relationship, and a level of intimacy. In a similar way, my colleagues<sup>1</sup> and I suggest that we need a focus on individuals who love their jobs. Following Sternberg, we define loving your job as a combination of passion for the work, commitment to the organization, and good relations with the people we work with. Just as importantly, we suggest that people are psychologically healthy when they love their jobs.

**HEALTHY WORK**

What constitutes healthy work? A body of literature focuses on the various dimensions that constitute good work or, conversely, bad work. Based on my reading of this literature, I would suggest that four key elements define healthy work: challenge, control, climate, and leadership.

**A MODEL OF HEALTHY WORK**



**CHALLENGE**

There is no doubt that individuals seek out and respond positively to challenging work. Its importance is clearly illustrated in two accounts of what happens when individuals are subjected to routine, low skill, repetitive work, i.e., what happens when we deprive individuals of any challenge in their work environment?

<sup>1</sup> Julian Barling, Ph.D., Associate Dean, School of Business, Queen's University, Kingston, ON. Lori Francis, Ph.D., Assistant Professor, Department of Psychology, Saint Mary's University, Halifax, NS.



In her work, Barbara Garson has examined exactly this question. Interviewing individuals in a variety of routine work [6], Garson found in multiple studies over the years that individuals get through the day by creating their own challenges. Some play games (e.g., I'll enter three more orders and then I'll have a piece of gum, how much can I get done in the next 15 minutes) or create imaginary contests trying to outdo their previous "records" or competing with other employees who may or may not know they are in a race. In short, when we place people in non-challenging environments, they actively seek out ways of introducing challenge.

In his account of working on a GM assembly line in Flint, Michigan, Ben Hamper [7] illustrates just how far this level of individual motivation can go. Auto manufacturers have devoted an incredible number of resources to ensuring that their assembly lines operate at optimum speed. Armies of industrial engineers and "time and motion men" have calculated precisely how

work stations should be designed and how fast the assembly line should move to achieve the maximum level of production every eight-hour shift. Despite the resources devoted to optimal efficiency, Hamper describes a system of "doubling up," whereby he would punch the time clock for both himself and a co-worker at the beginning of the shift. Hamper would then work both his job and his co-worker's for the next four hours, essentially working twice as hard as the optimum level of efficiency determined by the plant engineers. At the break, Hamper would leave and his co-worker would take over for the next four hours.

While organizations certainly would not appreciate the motivations involved (Hamper used his free time to go drinking, and his co-worker used his to recuperate from his second job!), the point is that individuals who set their own level of challenge can achieve much more than experts would predict! This observation is consistent with the propositions of goal →

setting theory [8]. Generally acknowledged as the most influential theory in organizational behavior in the last 75 years, goal setting theory simply states that we will get better results (e.g., higher productivity, faster times, increased sales) by setting CHALLENGING and specific goals.

#### CONTROL

While healthy work involves challenge, it also involves control. Indeed, some researchers have defined healthy work as comprising a high level of demand (or challenge) and a high level of control [9, 10]. For several decades now, researchers have consistently identified the sense of being in control as a core

#### CLIMATE

We are increasingly aware that the social climate of the workplace is an important determinant of healthy work. To the extent that individuals feel trusted, fairly treated and valued in the workplace, they feel more engaged in their work and committed to the workplace. In his discussion of high performance workplaces, Stanford University business professor Jeffrey Pfeffer suggests that all organizational practices should be evaluated according to one simple criterion. "Do they convey and create trust, or do they signify distrust and destroy trust and respect among people?" (Pfeffer, 1998, p. 62) [12].

“To the extent that individuals feel trusted, fairly treated and valued in the workplace, they feel more engaged in their work and committed to the workplace.”

element of mental health [11]. Individuals under a great deal of stress or who are experiencing a great deal of anxiety often describe the symptoms as feeling “out of control” or believing they just can’t “hold it together” any longer.

Nevertheless, work processes seem designed to eliminate any individual control from the experience of individuals. We insist that every job be performed in exactly the approved fashion with little or no tolerance for individual differences. Although we all recognize the truth of the saying that “nobody knows the job as well as the person who does the job”, we persist in trying to tell people how they should do their jobs. In contrast, when we “empower” employees or engage in participative decision making, we are in essence handing over control to the individuals who best know the job.

When we hear stories of employees having to ask permission to go to the washroom or getting into trouble because they received a personal phone call at work, we have to ask what function these organizational rules have and it is worth the implicit attack on individual dignity? In his classic book, *The Human Side of Enterprise*, Douglas McGregor [13] pointed out the self-fulfilling nature of our management theories. When we believe that employees are untrustworthy, we create rules and structures based on a lack of trust. Exposed to harsh and punitive rules, individuals respond by trying to “get around” the rules thereby confirming our original hypothesis!

A colleague and I have been doing leadership coaching based on a 360-degree assessment for the past 10 years [14]. We frequently begin a feedback session by asking the leader to describe the people who comprise the work group. Almost invariably, when

the leader tells us what a fabulous team they were, the employees had rated the leader as being extraordinarily high on leadership skills. Conversely, the leader who begins by telling us about the “problem” people you have to “watch like a hawk” is almost invariably rated by employees as a poor leader. The data are clear – leaders who respect and value their co-workers treat them better. Our data (see below) also suggest that they get consistently better outcomes.

**LEADERSHIP**

Think of the best leader you ever had. It could be a supervisor, a teacher, a sports coach or anyone who stands out in your mind as a leader. Take a few minutes and note down what this individual did that made him/her a truly effective “leader”. If you are like the hundreds of individuals we have had complete this exercise, the behaviors you identify as being characteristic of effective leadership fall into the four dimensions that comprise the theory of transformational leadership [15, 16]. There has been more research on transformational leadership in the last 10 years than on all other leadership theories combined. These studies have provided an extremely strong empirical basis for two conclusions: [a] transformational leadership “works,” and [b] transformational leadership can be taught.

For example, in a study reported in the *Journal of Applied Psychology* we addressed both questions [17]. The design of our initial research was quite simple. Working with a major financial institution in Canada we identified 20 bank (i.e., branch) managers operating within the same geographic region. Managers were randomly assigned to either an experimental group or a control group. Members of the experimental group initially participated in a one-day workshop on transformational leadership and subsequently attended four individual counseling sessions in which subordinate ratings of transformational leadership were presented for each leader and specific goals were developed and monitored. Members of the control group received neither the training nor the counseling sessions.

Consistent with our goals, the effectiveness of the training intervention was assessed with two types of measures. First, we thought that the intervention could only be judged a success if the subordinates saw an increase in the transformational leadership behaviors displayed by their leaders. We found that the subordinates of trained leaders reported significantly more positive perceptions of their behaviors than did subordinates of the untrained managers. Second, while these data speak to the ability of training to increase leadership behavior, we were also interested in whether increasing leadership behaviors resulted in increased outcomes of interest to the organization. Our results suggest that subordinates of trained leaders became more committed (i.e., loyal) to the organization than subordinates of untrained leaders.

Perhaps more importantly, branch-level credit card sales and personal loan sales (adjusted for branch size) increased in branches where the manager was trained. These results are particularly important because [a] they show the impact of leadership training on bottom line outcomes, and [b] the individuals we had direct contact with (i.e., the leaders) were not personally engaged in credit card and personal loan sales. This latter observation shows that an increase in transformational leadership “trickles down” through the organization, raising the level of performance at all levels.

Since obtaining these encouraging results, we have conducted leadership training for a diverse array of Canadian private and public sector organizations. Although we could not always obtain a “clean” experimental design, we have consistently been able to document increases in leadership behavior as a result of training. Empirically, we have documented links between leadership and job performance, health and safety-related outcomes [18], group-level outcomes and measures of individual well-being, including measures of positive well-being described earlier. Our data are consistent with a much broader literature confirming that effective leadership is a key element of effective work.→

## HEALTHY ORGANIZATIONS

How do organizations achieve “healthy people doing healthy work”? That is, what can organizations do, and, more specifically, what are Nova Scotian organizations doing to become healthy? An answer to this question can be obtained by examining the practices of the recent winners of Nova Scotia’s first Psychologically Healthy Workplace Award.

The Psychologically Healthy Workplace Award was instituted by the American Psychological Association to recognize organizations that make substantial efforts to create psychologically healthy workplaces. The award is currently offered by 37 state associations, and Nova Scotia is only the second Canadian province to offer the award (British Columbia was the first). For the first time in 2005, the Association of Psychologists of Nova Scotia and the CN Centre for Occupational Health and Safety (a research centre

at Saint Mary’s University) collaborated to recognize the achievements of five Nova Scotian organizations. With representatives from both the private and public sectors, the five award winners demonstrated diverse, yet effective, ways of achieving a healthy workplace.

In a real sense, these organizations each began to create a psychologically healthy workplace with their recognition that human resources were truly their most important asset. From this recognition flowed policies and practices that demonstrate the value they place on individual employees. In doing so, the organizations created healthy work - by allowing opportunities for growth and development (challenge), by soliciting employee involvement and implementing participative decision making (control), by creating a friendly and health conscious environment that valued each employee (climate) and by showing leadership, each of the five award winners has created healthy work.→



Stephen Widmeyer  
*Secunda Marine*

Heather Harris  
*Kingston and District School*

Dawn Burstall  
*Capital District Health*

Vladka MacDonald  
*Holiday Inn Express Bedford/Halifax*

Josie Ryan  
*Northwood Inc and Northwood Home Care Ltd*

# Winners of Nova Scotia’s First Psychologically Healthy Workplace Award:



SECUNDA  
MARINE

**Secunda Marine** employs approximately 350 people in a marine services company. Its focus has been on the development of human resources - providing opportunities for training and growth and allowing individuals to move into more senior positions. By demonstrating the value placed on every individual employee, Secunda has achieved one of the lowest lost time injury rates in the industry and has contributed to employee health and well-being in a variety of ways.

KINGSTON  
AND DISTRICT  
SCHOOL

**Kingston and District School** won the award based on employee involvement and creating a healthy work culture. It achieved its success by mounting a variety of health-related programs for both employees and students and by encouraging participative decision-making. The results of this approach are self-evident: employees describe Kingston and District School as a great place to work.

CAPITAL  
DISTRICT  
HEALTH

**Capital District Health** is one of the largest employers in the Maritimes with over 10,000 staff, physicians and volunteers. The unique challenges confronting health care are well known and are highlighted in the largest district health authority formed through the merger of many different institutions. Nonetheless, Capital Health has made a strategic commitment to enhancing employee health. Its strategic focus on health is demonstrated in its commitment of staff and other resources to establish a health council and healthy workplace program. Recognizing health as a strategic initiative also means that Capital Health has committed itself to formulating specific objectives and to an ongoing assessment of progress.

HOLIDAY  
INN EXPRESS  
BEDFORD/  
HALIFAX

**Holiday Inn Express Bedford/Halifax** location provides an exemplary level of employee recognition and support. It has actively tried to promote a "family-like" atmosphere among its 36 employees and to encourage the involvement of all employees in the organization. The company encourages employee growth and development and has established many informal mechanisms to promote a positive culture in the workplace.

NORTHWOOD  
INC AND  
NORTHWOOD  
HOME CARE LTD

**Northwood Inc and Northwood Home Care Ltd** employs over 1200 individuals and serves over 6000 clients in Nova Scotia. Like Capital Health, it has established a department designed to promote employee health and put many health-related initiatives in place. In a broader sense, the focus of Northwood is on promoting a culture that values people. Through various concrete initiatives, Northwood attempts to increase employee flexibility and demonstrate the value it places on employees.

**FOR MORE INFORMATION** about the **PSYCHOLOGICALLY HEALTHY WORKPLACE AWARD**, contact Jason Slaunwhite at the CN Centre for Occupational Health and Safety (902) 420-5557 or via e-mail, [CNCOHS@smu.ca](mailto:CNCOHS@smu.ca).

In an era in which it is estimated that only a minority of employees are engaged in their work [19], it is striking that the reviewers for the Psychologically Healthy Workplace Award found that employees of the five award-winning organizations were enthused about employers. They described their place of employment as a “great place” to work, and their experience of having “fun” at work. In a real sense, these employees love their jobs – they are passionate about their work, committed to their organization and have strong relationships with co-workers. In becoming healthy organizations, the award winners have created healthy work and so are well on their way to creating healthy people. To the extent they achieve these objectives, they, and we, all benefit. ○

**Profile:** E. Kevin Kelloway is a member of the faculty of the Sobey School of Business, where he holds an appointment as Professor of Management and Psychology. He also serves as the Chair of the Department of Management. Dr. Kelloway was the founding Ph.D. Program Director for the Sobey School of Business (2000 - 2003) and is the founding Director of the CN Centre for Occupational Health and Safety and a founding principal of the Centre for Leadership Excellence. Dr. Kelloway is a prolific researcher having published over 90 articles, book chapters, and technical reports. His research interests include occupational health psychology, leadership, the development and measurement of work attitudes/values, unionization, and the management of knowledge workers. As a consultant, Dr. Kelloway maintains an active practice consulting to private and public sector organizations on issues related to leadership, performance management and measurement of employee attitudes/performance.

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## SUNDAY SHOPPING

# The Sunday Shopping Question: Resolved or Not?

BY GORDON FULLERTON

Sunday shopping was a topic of considerable discussion in the press and among the general public in Nova Scotia in 2004. Residents of the province spent countless hours debating this issue with friends and colleagues in the weeks leading up to last October's referendum on the issue. Given the fairly decisive results of the plebiscite, the conventional wisdom is that the issue is dead for the near future because a majority of Nova Scotians rejected Sunday shopping. Furthermore, both the government and the opposition parties seem to have little interest in revisiting the issue. Yet it may not go away because of a strong latent desire for Sunday shopping in some parts of the province, particularly among consumers and businesses in the Halifax Regional Municipality (HRM) and in Cumberland County in northern Nova Scotia.

In the HRM, where a small plurality of voters supported the Sunday shopping initiative, there is a desire for more choices in the marketplace. Urban dwellers and suburban commuters feel that life is too busy to fit shopping into the current six day retail week. In essence, they want more choices, and many retailers support Sunday shopping because they see it as an opportunity to better serve their customers. Many retailers in HRM also support Sunday shopping because they believe that consumers in the nearby rural areas of Nova Scotia (South Shore, Annapolis Valley) will have more opportunities to engage in out-shopping. HRM is already the province's most significant retail destination and this would be amplified by widespread Sunday shopping. Of course, retailers in rural areas of the province fear this result if Sunday shopping were permitted, which is why, for the most part, they opposed it.

In northern Nova Scotia, many retailers continue to support Sunday shopping because it is legal in the neighboring province of New Brunswick. There are numerous estimates about the impact of New Brunswick bound out-shopping on the retail sector in northern Nova Scotia, but there is no question that consumers like the freedom to shop in south eastern New Brunswick on Sunday afternoons. Moncton, in particular, has grown into a retail destination that is nearly the rival of Halifax in terms of size and attractiveness. This being said, serious questions remain about the extent to which legal Sunday shopping would impact on cross-border out-shopping by consumers in northern Nova Scotia. Sunday shopping would merely give consumers more choices in terms of which days of the week they will out-shop and which days of the week they will shop locally. →

Overall, consumers' budget for shopping and their preferences in terms of local versus cross-border retail outlets are all likely to remain unchanged even if they could shop in Nova Scotia on Sundays.

So where does this leave us? There is a strong latent demand for Sunday shopping among consumers and retailers. It is also likely that even opponents of Sunday shopping would engage in it given the opportunity because attitudes are notoriously poor predictors of behaviour. In addition, the retail environment is becoming increasingly competitive because both the HRM and Moncton are becoming more attractive to consumers in rural Nova Scotia. Even in the HRM, where major national and international chains have entered the market and niche players are becoming increasingly adept at targeting small segments of consumers, rivalry is growing. At the same time, the rapid rise in the value of the Canadian dollar has made it more attractive for consumers to engage in shopping over the internet from U.S. based e-tailers. The sporting goods and clothing retail sectors will likely be hardest hit by the growth in e-commerce based cross-border shopping, but other retail sectors will also see an impact. Retailers face an increasingly tough competitive market and so for these reasons they will be increasingly aggressive in terms of seeking opportunities for growth and or survival.

Thus, the Sunday Shopping issue may reappear during the fall of 2005. The forces discussed above may create a condition where a number of retailers conclude that it is economically worthwhile to break the law and open their doors on Sundays. Some retailers, particularly those hardest hit by increasing local competition and e-commerce may decide to open for business as an act of desperation. Others may decide that the opportunity to attract sales from rural areas represents the best opportunity for growth in a tough market. Both retailers and the government may end up playing a game of chicken with respect to the Sunday shopping question because considerable uncertainty still surrounds the issue. Will retailers face fines to stay open? Will municipal governments direct their policing agencies to ignore legislation prohibiting Sunday shopping in the face of substantial support for it by consumers and retailers in some parts of the province? Will the province's Retail Business Uniform Closing Day Act withstand the inevitable court challenge in the event that retailers are charged with violations under the Act? Recall that over a decade ago, the Sunday shopping issue was resolved in Ontario when the forces of the market ultimately made it clear to the government that it was out of step with the wishes of both consumers and businesses. Accordingly, the Sunday shopping debate is likely far from over. ○—

## profile:

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# Riding the Waves of Change: A Candid Interview with Bill Black



As part of our ongoing series of interviews with high profile executives with an interest in the Atlantic Region, our editorial team sat down to chat with Bill Black, former CEO of Maritime Life. During his 34-year career, Bill Black saw Maritime Life grow from a company with 68 people in Halifax and \$20 million in assets to one with 3,000 employees Canada wide and some \$15 billion in assets. Here are some excerpts from that interview on the challenges associated with managing change in large organizations – especially change resulting from mergers and acquisitions.

BY MARGARET MCKEE

Q

CAN YOU GIVE US A SENSE OF THE KIND OF CHANGE YOU EXPERIENCED WHILE YOU WERE CEO OF MARITIME LIFE?

A

Initially, Maritime Life grew quite well organically, but then, starting in 1995, we were busy with acquisitions. We did four acquisitions between 1995 and 2001, acquiring Confederation Life, Aetna Canada, Royal Sun Alliance and then Liberty Health. These purchases were very important to our growth, not only in terms of the business numbers but also in terms of the employment numbers.

Q

WERE THERE A LOT OF SIMILARITIES BETWEEN THESE TRANSACTIONS?

A

No, not at all. You really have to look at each one separately. For example, with Confederation Life, we were buying it out of bankruptcy, and so we had to pay a lot of attention to the employees. The employees had worked for this venerable Canadian institution, and they experienced phenomenal change when the company went into bankruptcy and had to be supervised by a court appointed receiver. That was very difficult for them, and they were still in shell shock for the first six months after they started to work for us. But in the end, those employees were among the most enthusiastic and positive Maritime Life employees.→



Q

IN YOUR EXPERIENCE, HOW LONG DOES IT TAKE TO SUCCESSFULLY INTEGRATE TWO ORGANIZATIONS?

A

I have to answer that from a couple of different perspectives. In terms of your face to the marketplace for selling business, you should be able to do it from the day the deal closes. That takes as a given that you've done a lot of work in between the announcement of the deal and its actual closing. So that means you have your sales teams in place and you've decided what products you're going to offer. You might have to phase out some products and of course there are often changes in staffing. That means people will be involved and you want to be sure you're not too abrupt dealing with them. You must make all those decisions and communicate them, and that should take three months.

In terms of the overall internal structure, that should be finalized no more than six months from closing. And again three months would be better, but sometimes it takes six months. It takes a while to get to know people and to know exactly how you want to organize things.

To get your systems integrated can easily take two years from closing and if you're not careful it can take forever. That's because when you're talking technology, it's not just the IT people but it's also integrating all of the data. And, it's all of the customer service people trying to learn how to service different products and follow new processes. The insurance business is dreadfully data intensive, and in my experience, everybody has highly incompatible data structures and huge long historical records which need to be retained, and so it's even further complicated. Even so, you really have to put a peg in the ground and say this is when we're going to stop. You also really need to keep tight control on things because people will use this as an opportunity to hitch hike their pet IT projects onto the integration effort and that can complicate things unnecessarily. Generally I'd say you have to be ready to make some compromises about what you're going to do, and you have to accept you're not going to get perfection.

As for the people part – the real culture part – that will always take two years and sometimes a little longer. If you work hard at it and do a good job, you will get it done in two years. In a lot of organizations, though, the cultures never really integrate.

Q

WHAT DO YOU MEAN BY ORGANIZATIONAL CULTURE?

A

Well, it took me a long time to understand the difference, or at least to make a distinction in my own mind, between values and culture. And what's emerged in my mind is that values are the fundamental beliefs you have about what's right and what's wrong, and the way you should deal with people, and so on. Culture has to do with the way you do things. For example, some organizations are very consensus based, while others are more interested in making decisions quickly – try it, if it doesn't work, try something else. And yet the values underlying those two approaches can be the same. You can have two organizations that both have big commitments to customer satisfaction, let's say, but they have a very different way of creating that customer satisfaction – of doing things.

Q

## HOW DO YOU BECOME AWARE OF IMPORTANT CULTURAL DIFFERENCES?

A

One of the things you can do as a leader is listen and watch your organization and try to sense whether everybody is working together or whether there are friction points. If those friction points are just the legitimate contest of valid ideas, that's fine, you want that to happen. But if it's really people working at cross purposes and not understanding each other, then you need to do something. So you just watch how things are working out and when people start referring to their colleagues in the third person, you always know there's an issue. Whenever I heard more of the "they" word, and not "us", I would know we had a problem.

As an executive team we also learned a lot from employee surveys. We almost made them an art form. We became really good at doing surveys and interpreting the results. We would do them for the company as a whole and we would do them for each division. We would also do them for work units down to 40 or 50 people or so. I would look at the numbers for all the work units or almost all of them, and could learn a certain number of things that way. But I would read all the verbatim comments. There's a certain flavour and colour that comes through in those verbatims that you just can't get in numbers. At one stage, just as we were doing the Aetna integration, we had 2,000 employees. There were probably 200 verbatims about workload, and these were cries for help. If you looked just at the numbers, you could sort of find it, but the verbatims were very eloquent and had richness to them. We knew we had some real issues. People were just burning out.

Q

## WHY DO YOU THINK ORGANIZATIONAL CULTURES ARE SO RESISTANT TO CHANGE?

A

Well, because integration is not a natural thing, particularly if the organizations are geographically diverse. In the case of Maritime Life, it would have been tremendously easy for us to end up with a Toronto office that was really an Aetna office and a Halifax office that was really a Maritime Life office. That would have happened without a lot of energy and effort because the positive Aetna employees would have dominated the culture in Toronto, and vice versa.

If we hadn't actively worked at integrating the cultures it just never would have happened. I think one of the things that helped us was that being in Halifax we weren't at all confused about whether we were the centre of the universe for our company. You know, most of our employees were not in Halifax. When things were at their highest and we had close to 3,000 employees, we only ever had around 1,150 people working in Halifax. The rest were in Toronto, Vancouver, Calgary, and Montreal, and scattered in dribs and drabs all over the place. So we had to recognize that we had these different regions and that each one of them had its own issues. For us, making sure all the different cities were on the same page was pretty important. We liked to have the employees out close to the customers because we believed that was a good thing, and we didn't want to have the Vancouver office and the Calgary office each with their own sort of separate cultures and separate ways of doing things.→

Q

SO HOW DID YOU WORK TO ENSURE THE ORGANIZATIONAL CULTURES MERGED?

A

Well, I and the other senior managers, who had a lot of employees outside of Halifax, spent a lot of time visiting and meeting with employees. I would be in Calgary and Vancouver and Montreal at least four times a year, and in Toronto twenty times a year. We'd arrange meetings with all the staff and do a lot of other stuff. It wasn't just me, it was other executives too, but I think it's very important for the president to do that.

Q

WHEN YOU HAD YOUR MEETINGS WITH STAFF, WHAT KINDS OF THINGS DID YOU TALK ABOUT?

A

The central topic would be corporate results, and for us, that meant customer satisfaction, employee satisfaction, profitability and growth. But we would also talk to them about the big picture and things that were in development. So for example, we went through a branding exercise that led to a new logo and some other changes that were more important than the new logo. So we held a meeting and talked to employees about what was happening and why. If we had some major changes in HR policies, we would try to use the forum as an opportunity to air any concerns about what was changing. We would always have an open question and answer period, and we'd respond to anonymous questions too if people weren't comfortable enough to stand up and ask questions – especially if they were new and not that comfortable yet with their new work environment.

Q

IF YOU HAD TO IDENTIFY ONE OR TWO THINGS THAT YOU THINK ARE CRITICAL TO THE SUCCESS OF A MERGER OR ACQUISITION, WHAT WOULD YOU CHOOSE?

A

One of the most important things you can do is have a meeting with all the employees. They usually have at least a vague idea of what's going on, even though officially they don't have all the details. The day the deal is officially announced they need to hear the news personally – and ideally from a very senior executive from the acquiring company. When we announced our acquisitions I was always on hand to meet with the employees and speak to them about what was happening and try and answer their questions.

Also, we always worked really hard at trying to integrate people from our two organizations. Even when we were predominantly a Halifax organization, one of the things we always did right away was to have some managers exchange places. We'd get one or two people to move in either direction as a way for people to start to really get to know each other. And we spent a lot of money flying people back and forth between Toronto and Halifax so that they could interact face to face. We were probably sending 300 people a month back and forth to be exposed to each other because you do want to end up with one organization. In some ways it's sort of an extension of management by walking around.

From experience, I'd have to say it's also wrong to tell employees that you are going to take the best of both companies for the new organization. That's a really big mistake because since everybody thinks that everything they do is already the best, they'll expect you to use their system or product or whatever.

So you must be clear, and basically the buyers have to say it's their way of doing things unless there's something conspicuously better in the acquired company. That will sometimes lead to a second best choice, but with a lot of these decisions it's more important to be fast than to be right. It's more important to be fast and be clear than to pick the absolute best thing.

Q

WHY IS IT SO IMPORTANT TO MAKE THESE DECISIONS QUICKLY?

A

Because people need clarity, and even though their whole world has been turned upside down, they are the people who are supposed to be focusing on customers. If they all of a sudden start turning inward and asking all the "what about me" questions, they'll be very distracted from their job. So you have to get all their concerns off the table as quickly as possible so you can tell them this is the way we're going to do things and ask them to please get back to focusing on their customers. That's so important that even if you put in the second best system or the second best manager or the second best organizational structure, it's not as damaging as having the whole organization turned inward.

Q

WHEN YOU THINK BACK TO YOUR ACQUISITIONS IS THERE ANYTHING YOU WISH YOU HAD DONE DIFFERENTLY?

A

Well, with Aetna we made a big mistake. We had a lot of professional assistance, and one of the consulting firms we were using had this tool called a cultural audit. We cared a lot about culture at Maritime Life and so we had them use the tool to assess the situation. Well, the tool suggested that the cultures of our two organizations were very similar. And that's what we wanted to hear anyway, so we may not have been that discerning an audience, but that caused us to not pay attention to some really important cultural differences. It took us about a year to notice that there were these important differences and to try to sort them out.

Q

ANY OTHER LESSONS YOU'VE LEARNED ALONG THE WAY?

A

Yeah lots! One of the things you learn is that everything you do, everything you say, and even the way you twitch is put under a microscope. People will over analyze you and will over interpret what you say. One common reaction to this level of scrutiny is to just go into a shell and never say anything. And if you do decide to speak out, on the way from you to the audience you may end up with a squad of advisors who will puree your statements into meaningless nothing. I made a few mistakes, but I was blessed with people who would point them out to me and so I got better at how I chose my remarks.

But through everything, one of the things that we focused on was treating everybody with respect. When you do that, it simplifies a lot of stuff. You never, ever, ever make fun of a question or get angry with the questioner or anything like that. It's simple when you say it, but some people don't do that, so you really have to work at treating everybody with respect as you go through things.→

# Managing Mergers Successfully: Lessons Learned

1

## **MAKE SURE THE SENIOR MANAGEMENT TEAM IS HIGHLY VISIBLE AND ACCESSIBLE**

Bill Black believes that when an organization is going through a significant change – such as a merger or acquisition – it’s important for the CEO and the rest of the senior management team to be very visible and accessible to employees. Black says the CEO has to set the example and be sure to make face to face communications with employees a priority throughout the change period.

2

## **BE ON THE LOOKOUT FOR “FRICTION POINTS” ESPECIALLY AROUND VALUES**

When two organizations come together, some conflict is bound to occur, and in Bill Black’s view, some of it is even healthy if it leads to an exchange of ideas. But he warns that leaders need to watch for warning signs of serious cultural differences. One telltale sign surfaces when employees start using “they” to refer to employees of the newly integrated firm. Black says this can be a sign of fundamental differences in business approaches that need to be resolved quickly in order for the integration to succeed.

3

## **MAKE BIG DECISIONS QUICKLY TO REDUCE UNCERTAINTY; IT’S BETTER TO BE FAST THAN TO BE RIGHT**

Bill Black has seen first hand how distracting news of a merger or acquisition can be. Employees understandably become concerned about how the change might affect them personally and often lose sight of their all important commitment to the customer. In Black’s view, companies can lessen the associated negative impact by taking the view that it’s the acquiring company’s way of doing business that will be maintained going forward. He acknowledges that this may sometime lead to a second best choice but believes that in integration situations it’s more important to be fast than to be 100% right.

4

## **BE PREPARED TO HAVE EVERYTHING YOU DO AND SAY EXAMINED UNDER A MICROSCOPE**

During stressful periods, everyone is looking to reduce uncertainty and ambiguity and so will analyze all communication to get a sense of which way the “wind is blowing”. Black suggests it’s important to remain aware that this is happening but not to let it discourage you from openly communicating with employees. He also warns against letting your comments be watered down so much that they no longer contain any meaningful information.



5

**DON'T ALWAYS TAKE NUMBERS AT FACE VALUE**

Bill Black commented that as time passes, he is more reluctant to take “the numbers” completely at face value. As an actuary, he noted that he knows enough about numbers to realize how “fragile” they can be. He suggests looking at the numbers but also being aware that some things defy quantification. He advises that if the numbers say “yes” but your gut reaction says “no”, don’t do it.

6

**FIND CREATIVE WAYS TO OPEN DIRECT COMMUNICATIONS CHANNELS WITH EMPLOYEES**

Maritime Life made extensive use of employee meetings, surveys and suggestion programs in its day, but it also sponsored an internal newspaper completely controlled by a small group of specially trained non-management employees who were encouraged to do investigative journalism. They brought important company problems and issues to light and helped create real desire for change and improvement.

7

**REMEMBER THAT BIG INTEGRATION PROJECTS ARE NOT SPRINTS – THEY’RE MARATHONS**

It’s important to realize that large integration projects take a significant amount of time and energy to complete, especially if they are technology intensive. Make sure your integration team keeps that in mind and paces its work accordingly. Black advises that as an executive you need to keep a close watch for warning signs that your employees are burning out. —○

?

**WOULD YOU LIKE TO LEARN MORE ABOUT MARITIME LIFE AND HOW IT GREW TO BECOME ONE OF THE LARGEST INSURANCE COMPANIES IN CANADA?**

Then watch for our review of Harry Bruce’s book on the company, “Never Content: How Mavericks and Outsiders Made a Surprise Winner of Maritime Life”, in the next issue of *The Workplace Review*.

**profile:**

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# reviewing what's HOT what's NOT

BY LARRY HAIVEN

James Surowiecki's thesis is straightforward: If you get a large bunch of people together "under the right conditions", they will almost invariably make smarter decisions than even the smartest individual among them.

Surowiecki, regular columnist for the *New Yorker* on financial matters, tells wonderful tales. Although his book contains useful, nay crucial, information on probability, statistical inference, group and individual behaviour and the conduct of financial markets, it is the journalists' stories that capture our attention and imagination.

Take the loss of the US submarine Scorpion in 1968. The US Navy had no idea where, within a wide swath of the North Atlantic, the sub had disappeared and only a few pieces of reliable information. Rather than simply consult a few experts on submarines and ocean currents, however, Officer John Craven invited location wagers from a much larger group of knowledgeable people in return for a bottle of Chivas Regal.



## REVIEW OF THE WISDOM OF CROWDS: WHY THE MANY ARE SMARTER THAN THE FEW AND HOW COLLECTIVE WISDOM SHAPES BUSINESS, ECONOMIES, SOCIETIES, AND NATIONS

BY JAMES SUROWIECKI (2004 Doubleday)

Craven took all the guesses and used a statistical technique called "Baye's Theorem" to distill the decision of the whole group. The Navy found the submarine a mere 200 yards from where the collective guess had predicted, closer than the guess of any individual.

Says Surowiecki, "It was...a genuinely brilliant judgment...What's astonishing about this story is that the evidence that the group was relying on in this case amounted to almost nothing. It was really just tiny scraps of data. No one knew why the submarine sank, no one had any idea how fast it was traveling or how steeply it fell to the ocean floor. And yet even though no one in the group knew any of these things, the group as a whole knew them all."

This result was not a fluke. The author offers plenty of other examples, including the classic experiment in 1906 in which British scientist Sir Francis Galton aggregated the guesses of almost 800 diverse participants of an English county fair on how much a live ox would weigh once slaughtered and dressed. Galton had actually wanted to show how "unwise" was an average group member in a democracy (where the few smart people are mixed in with

the many not-as-smart). Galton predicted that, "The average competitor [in the contest] was probably as well fitted for making a just estimate of the dressed weight of the ox, as an average voter is of judging the merits of most political issues on which he votes." To his surprise, Galton found that the simple mean of the groups' guesses was within a pound of the 1,198 pounds the ox would weigh once slaughtered.

The implications for all kinds of problem-solving exercises, not the least being the mode of governing ourselves, are evident, and Surowiecki spends a large part of the book talking about just that - why democracy, more often than not, works and works well. The wisdom of "masses" is not just a formulaic cliché of the left but something real.

The stock market, too, can have a collective wisdom, especially given its nature as a "weighing mechanism" of the confidence of thousands of buyers and sellers. Within 21 minutes of the 1986 *Challenger* space shuttle explosion and in the absence of any information on the causes of the disaster, the shares of Morton Thiokol, makers of the O-ring seals on the booster rockets, plummeted in value, far more than those of any of the

other four manufacturers who could have been to blame.

The author is careful to offer important caveats, however." The right conditions" include the following:

**DIVERSITY:** Collections of individuals who, for various reasons, are liable to engage in "groupthink," are not good decision makers. Inputters to the decision must have a variety of points of view and different perspectives on the key information.

**INDEPENDENCE:** Where people in a group are influenced by others on how to "vote," the wisdom of crowds breaks down. It works best where members are least swayed by others.

**DECENTRALIZATION:** Local and specialized knowledge of particular circumstances is a great boon, especially in complex organizations. Closely adhering to a centralized authority or plan can damage the quality of decision-making. But there has to be a way for leaders to interpret the information coming in, which leads to

**AGGREGATION:** Because the weight of the ox was a simple, quantitative problem, Galton simply averaged the numbers that all of the competitors wagered. But it's not always that easy to come up with a method to express the group answer from the answers of the individuals.

The other side of the coin, how a small group of "experts" can really get things tragically wrong, is illus-

trated by that other great space shuttle disaster. At the launch of the Columbia on January 16, 2003, a chunk of debris from a fuel tank struck the wing of the ship, an occurrence that would lead to the spectacular disintegration of the ship as it re-entered the earth's atmosphere five days later. According to Surowiecki, the performance of the Mission Management Team (MMT) "is an object lesson in how not to run a small group, and a powerful demonstration of the way in which, instead of making people wiser, being in a group can actually make them dumber."

The author insists we cannot dismiss the "deep institutional and cultural problems that plague [NASA]" and had not been thoroughly corrected since the earlier disaster. Yet, he suggests, the MMT was the group in a key position to make decisions at the time that could have improved the chances of the crew surviving. But the MMT effectively dismissed the danger even though it had evidence of possibly severe damage to the wing. It did so, according to Surowiecki, because it began without an open mind because group members were unduly influenced by several key participants ready to dismiss danger, because the group overestimated the amount of information it had, because of the absence of debate and minority opinion, and because most group members assumed nothing could be done even if the wing was badly damaged. Even if the latter were true, the group did

nothing to warn others of potential disaster, so the explosion took most people by surprise.

The conclusion from this episode is at least as old as the analysis that first spawned the term "groupthink" — social psychologist Irving Janis's 1982 study of top-level disastrous decision-making by top US policy makers at several junctures but most famously in the 1961 Bay of Pigs debacle. The conclusion, evidently still not learned by similar men and women of power, is that crucial for the success of any group making decisions is not to stifle but, in fact, to encourage *dissent*. How easy this sounds. How hard it is to accept. ☹—

## Profile:

Dr. Larry Haiven joined the Sobey School of Business in 2001 in the Department of Management. He was previously on the faculty of the College of Commerce at the University of Saskatchewan. His research, publication and advisory specialties are in the area of management-union relations, public sector collective bargaining (especially health care) and cultural production. He is presently part of several high-profile SSHRC-funded research groups investigating work and the "new economy."

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# Comings and Goings of Immigrants in Atlantic Canada

BY ATHER H. AKBARI

## THE ATLANTIC CANADA CHALLENGE

Leaders in government, academia and business in Atlantic Canada are turning their attention to one of our greatest future challenges – our declining population. In most areas in Canada, immigration has been a main contributor to offsetting declining populations. However, Atlantic Canada has not been as successful at attracting and retaining immigrants. In November, 2004 the Atlantic Metropolis Conference<sup>1</sup> was held in Halifax, to further examine this problem and explore ways to reverse this trend<sup>2</sup>. The following are the highlights from the conference and the potential solutions for the future, presented by leading experts in this area.

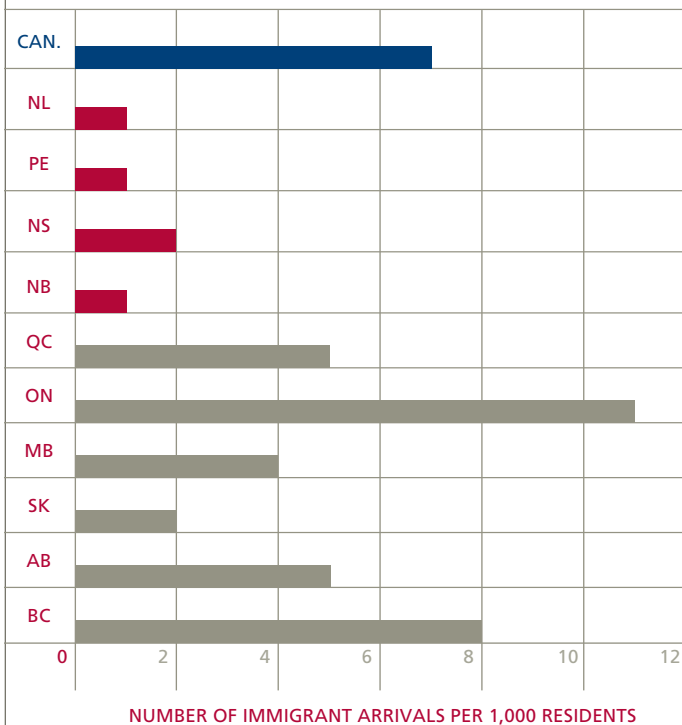
## THE CURRENT ATLANTIC CANADA TREND

According to the 2001 Canadian census, while Canada's population grew modestly, about 4.7 percent, during 1996-2001, population in Atlantic Canada during this same period declined by about 1.3 percent (30,000 people). When examining the factors con-

tributing to such a decline we must consider three components of population growth. One is the natural component, measured as the difference between numbers of births and deaths. In 2004, the Nova Scotia government reported a consistent decline in the natural growth rate of provincial population since 1990. With current projections, this component of the population growth in Nova Scotia alone is expected to turn negative by 2006-07. The second component is net inter-provincial migration, measured as the difference between in-migration and out-migration. The Atlantic region lost about 38,000 people (native and foreign born) to other regions during 1996-2000.<sup>3</sup> The third component of population growth is net immigration. While 5420 immigrants arrived in Atlantic Canada during 1996-2001, about 8415 of them left the region.<sup>4</sup> To summarize, all three sources show declining population growth in Atlantic Canada, ultimately leaving our region with a significant challenge for the future.

## IMMIGRANT ARRIVAL RATES FOR CANADA, 2002

Source: Edmonston [6]



Declining regional population concerns economic policy planners for at least three reasons. First, declining population results in an aging population, which could in turn result in fewer taxpayers to pay for social programs and support for the elderly and increase the region's reliance on federal transfers. Second, population decline could mean a shortage of skilled labour, which in turn could mean declining innovations and therefore lower technological progress. Finally, a declining population means a shrinking market for goods and services, leading to reduced business investments. In combination, these factors create challenges for the economic growth and development of a region<sup>5</sup>.

These facts highlight the importance of a proactive population strategy for the region. To reverse declining population trends, the region could promote natural population growth by providing appropriate incentives for reproduction. However, experiences in other western countries and Quebec suggest that these incentives have not produced desired results.<sup>6</sup> This means that policymakers should also focus on reversing the trends in inter-provincial migration. Yet in the face of declining fertility rates, reversing population outflow may not be enough to solve the problem of population decline in the long-run, leaving regional policymakers with the option of using immigration as an important component of the future population growth strategy in Atlantic Canada.

Although new immigrant destinations are emerging, Montreal, Toronto, and Vancouver (MTV) continue to be the cities of choice. Even immigrants who choose other cities as their ports of entry eventually end up in one of these more popular destinations leaving smaller regions like Atlantic Canada with the challenge of not only attracting, but also of retaining, new immigrants.

### KEYS TO UNDERSTANDING THE ISSUES OF IMMIGRANT ATTRACTION AND RETENTION

Economists and sociologists have advanced various theories to explain why people migrate. For instance, human capital theory views migration as an investment in which costs are borne in some early period to obtain returns over a long term. That is, if the value of the benefits associated with migration exceeds the monetary and psychic costs, one would expect people not to move. An important implication of this theory is that migrants tend to be future oriented so would →

- 1 The title of this conference was: Immigration and Out-migration: Atlantic Canada at a Crossroads.
- 2 The conference provided a framework for debate on these issues. Following the conference on November 26, 2004, Maritime Noon (CBC, Halifax) held a phone-in program on immigration in which the general framework discussed at the conference formed the basis for discussion.
- 3 Bergeron (2004).
- 4 Bergeron (2004).
- 5 Some have argued in public debate on immigration, that ageing population that is a consequence of declining popula-

- tion of the region would simply result in a change in the composition of goods and services demanded in the market, thereby not affecting production and investment activity. For example, there will be more demand for and production of health care goods. However, although the demand for goods and services produced for the elderly may rise in the beginning as their population grows, but if the declining trend of the population is not controlled, demand for such goods would eventually shrink. Hence, a lack of attention to the declining population could have devastating economic consequences for the region over the long run.
- 6 Surette (2004).

be extra motivated to move to be more productive in the labour force.

The push-pull explanations of migration are based on empirical studies that support human capital theory. In general, the results of these studies suggest that the “pull” of economic opportunities in destination areas is stronger than the “push” of poor opportunities in the areas of origin. In other words, while migrants are expected to be found where earnings are expected to be better, they do not necessarily originate in areas where economic opportunities are poorest. No consistent relationship has been found in such studies between unemployment and in-migration, perhaps because many people move to an area after they have been offered a job.

These theories of migration were reviewed by Barry Edmonston of Portland State University, Oregon,

often from rural to urban areas and economic, social, and cultural factors affect their choice of location. Once migration is established, continued migration usually persists for established migrant groups, who create social networks and ethnic-based resources for future migrants from a particular ethnic background (the “persistence” perspective).

Edmonston also identified the development of ten new smaller centres of attraction for immigrants to Canada<sup>7</sup>, which actually challenges the “persistence” perspective. These centres have emerged because of new or unusually rapid employment growth, several having initiated rigorous immigrant recruitment programs to attract newcomers in addition to their provinces’ immigration selection policies, such as the provincial nominee programs. This emergence of new centres shows that new destinations for immigrants can be developed.

“Once migration is established, continued migration usually persists for established migrant groups, who create social networks and ethnic-based resources for future migrants from a particular ethnic background (the “persistence” perspective).”

Maine, who also reviewed the characteristics of migrants. Given that migration is an investment whose benefits accrue in the future, migrants tend to be younger than non-migrants and either more educated or more inclined to invest in more education for themselves and their children. He also analyzed migrants’ destination choice and found migration is

The importance of economic factors in immigrant destination choice was also highlighted by Barry Chiswick of the University of Illinois who also discussed the role of linguistic concentrations or enclaves. New immigrants tend to settle near ports of entry where immigrants of their ethnic origin have already settled and where employment opportunities are best. This phenomenon is a consequence of economies in communication, information, consumption, and the labor market. Also important factors in location choice are ethnic goods, market and non-market goods and services consumed by members of an immigrant/ethnic group but not consumed by others<sup>8</sup>. These goods can

7 These include, in order of their importance, Winkler (MB), Lethbridge (AB) Fort McMurray (AB), Steinbach (MB), Lac du Bonnet (MB), Canmore (AB), Prince George (BC), Squamish (BC), Minnedosa (MB), Gimli (MB).

8 As alluded in Barry Edmonston’s presentation, ethnic goods are developed in a region once migration pattern has been established.



include places of worship, festivals, holidays, food, clothing, and marriage markets. Chiswick indicated that providing easy access to ethnic goods could address the social factors that affect an immigrant's choice of destination.

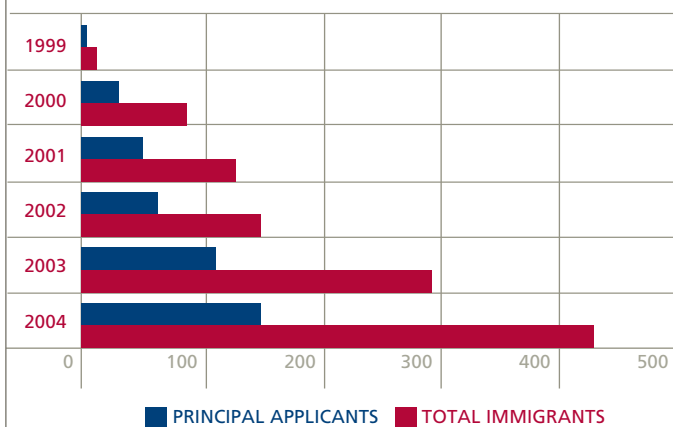
Because of economies of scale in the production of ethnic goods, the lower the full cost of ethnic goods the larger the size of the immigrant/ethnic group. An immigrant would be indifferent to choosing between two alternative areas only if the area with the high cost ethnic goods (lower concentration ratio) provided a higher nominal wage. Given Atlantic Canada's lower immigrant concentration ratio, there are several important policy implications for the region. One is that the region should help remove barriers to labour market integration of immigrants, which could be achieved by improving the foreign credential recognition process. Another is that immigrant recruitment should be based on skill shortages in the region because scarcity of skills usually means higher nominal wages. A third is that established immigrants can play an important role in helping new immigrants settle in their new homes. Many NGOs in Atlantic Canada are run, at least in part, by immigrants who have already been through the settlement process and become established and who are well qualified to help others. Finally, promoting cultural events for different ethnic communities could create a welcoming environment for newcomers.

Don DeVoretz of Simon Fraser University addressed the issue of retention using a brain circulation model under which immigrants enter a niche area where they receive subsidized human capital in the form of education, language training and skill certification. In analyzing data for the province of Quebec, which has difficulty retaining its immigrant population, Don DeVoretz found that the decision to move from or stay in any niche area, Quebec or the rest of Canada (ROC), depends on the rewards earned from this acquired human capital. Language training and potential income gain therefore determine the probability of leaving a province for both foreign and Canadian-born populations.

### APPROACHES THROUGH PUBLIC POLICY AND COMMUNITY INVOLVEMENT TO REVERSE THE TREND

**New Brunswick's Provincial Nominee Program** In Atlantic Canada, recognition of the importance of immigration in economic development has recently led provincial governments to undertake several initiatives to attract and retain immigrants. The Provincial Nominee Program (PNP) in New Brunswick is one such example discussed by Tony Lampart of Business New Brunswick. The program recognizes the importance of immigration to build and diversify New Brunswick's economy and aims to actively seek people who will work or develop business in the province. The components of this program include addressing skill shortages in the province, supporting business development, reversing the population decline, attracting more of French-speaking immigrants and/or Allophones interested in settling in the Acadian

NEW BRUNSWICK NOMINATIONS UNDER PROVINCIAL NOMINEE PROGRAM  
Source: Lampart [9]



regions of New Brunswick, and encouraging retention of international students. The program also encourages joint ventures or partnerships with existing New Brunswick companies. However, while both the federal and New Brunswick governments are satisfied with the performance of PNP, retention of immigrants admitted under the program remains to be investigated.→

**Nova Scotia Immigration Strategy** The province has also recently launched an immigration consultation process towards formulating a formal immigration strategy. A separate division of immigration and settlement has been formed in the Department of Education, and the province now has a separate portfolio of immigration. Ron Heisler of the Nova Scotia Department of Education rationalized the province's steps towards immigration strategy on the basis of the decline in Nova Scotia's natural population growth. He also presented conclusions of the public consultation process: While most Nova Scotians understand the need to increase immigration a clear need remains to debunk myths about immigrants stealing jobs from the resident population and being a burden on public coffers. Heisler also emphasized

in the region: McCain Foods Limited, which employs researchers, information technologists, and engineers; Thomas Equipment, which employs engineers; and the trucking industry, which largely employs truck drivers. In addition, immigrants find work in both farming and medical profession. In such cases, immigrants with recognized credentials can find work in their field so are attracted to available jobs in rural and remote areas; places Canadian professionals are not generally attracted to.

The Multicultural Association of Carleton has also worked aggressively for successful economic and cultural integration of newcomers in the region by facilitating communication between various ethnic and cultural communities.

“Many international medical graduates (IMGs) use Atlantic Canada as their entry point and then leave for other provinces, raising the question whether Atlantic Canada is bearing the cost of some IMGs’ training whose benefits are then enjoyed by other provinces.”

“Immigrants are more likely to come to Nova Scotia if they see we are diverse,” suggesting the province initiate an employment quota to promote diversity in its workforce. Finally, he suggested the rolling over of university students to the provincial nominee program so language and educational credentials would not be at issue.

**Rural initiative: the case of Carleton County in New Brunswick** Rural communities are also playing an increasing role in the settlement of newcomers through multicultural associations. Gary Melanson of Enterprise Carleton Region (New Brunswick) summarized the Carleton region's initiative. The region has a population of about 27,000, including immigrants from 14 different countries. Most immigration in the region is work related based on three large employers

**Attraction and retention of professional immigrants: the case of international medical graduates** One notable initiative across Canada to attract and retain professional immigrants in a region involves granting temporary visas to foreign professionals and students. For example, International Medical Graduates (IMGs) are being granted temporary licenses to meet the shortfall of family physicians in rural regions of Atlantic Canada, as well as in other parts of Canada. The one-year licenses are granted if the IMG finds a Canadian physician sponsor and practices in a rural region. About 13 percent of physicians in Atlantic Canada are temporary-licensed IMGs, compared to about 6 percent in all of Canada. However, these IMGs are highly mobile among provinces. Based on their ongoing research on IMG retention in rural Atlantic Canada, Richard Audas, Amanda Ross and David Vardy

of the Memorial University of Newfoundland have revealed challenges rural communities face retaining IMGs, including high turnover rates in areas that increase recruitment expenses; isolation; and friction between full-time physicians and IMGs over workload. Many IMGs use Atlantic Canada as their entry point and then leave for other provinces, raising the question whether Atlantic Canada is bearing the cost of some IMGs' training whose benefits are then enjoyed by other provinces.

**An immigrant retention survey of Nova Scotia** The Atlantic Canada Opportunities Agency (ACOA) commissioned the Corporate Research Associates (CRA) to conduct a survey of new immigrants resident in Nova Scotia to identify barriers to immigration attraction, integration and retention. The survey questioned 126 immigrants who had chosen Nova Scotia as their home province. The survey results were presented by Peter MacIntosh of CRA. About 22 percent of newcomers who responded reported the presence of friends and families as a major reason for choosing Nova Scotia as their destination. Nearly 20 percent indicated non-economic factors such as small size of communities, good living conditions, safety, and quietness as the most important reasons. Another 20 percent of the respondents indicated economic reasons, such as having a job or business opportunities as the reasons for their choice of Nova Scotia as province of residence. While most immigrants were satisfied with their choice, inadequate economic opportunities in the province and lack of foreign credential recognition were of great concern. About 14 percent chose Nova Scotia because of the available educational opportunities, which suggests the province could also use attraction of foreign students as an important immigrant attraction strategy.

#### **INTEGRATION OF IMMIGRANTS IN PRIVATE LABOUR MARKETS**

Private sector employers play an important role in the economic integration of immigrants, so any public policy initiative directed towards attracting and retaining immigrants must be complemented by one in the private sector. Many private sector companies

are already realizing that diverse work populations makes perfect business sense from both an employee and customer perspective. For instance, a diverse workforce is essential for designing appropriate product lines. In their presentation, Greg Brennan and Johanne Caron described a diversity council formed in 2001 by the Royal Bank of Canada to emphasize the importance of workforce diversity in its staff training, recruiting, coaching and mentorship.

Information on employer attitudes towards hiring immigrants is important in designing an appropriate public policy aimed at removing barriers to successful economic integration of immigrants. Yves Poisson of the Public Policy Forum (PPF), a research organization in Ottawa whose mandate is to promote better government, explained that PPF conducted a survey to determine the extent to which employers think recent immigrants could fill their current or future labour market needs and to identify some challenges they face when hiring or integrating immigrants into the workforce. An encouraging key finding is that employers have positive attitudes towards immigrants and immigration. They are also open to being involved in strategies to help integrate immigrants into the workforce. Another interesting finding is that among those Canadian employers who have hired immigrants, most (about 77 percent) feel that training wise, immigrant employees are as competent as their Canadian-born counterparts. This finding is surprising, however, because the same survey also indicated that employers do not hire immigrants at the level they were trained. Lack of foreign credential recognition is a known significant barrier to immigrant integration in Canadian labour markets,<sup>9</sup> a fact also recognized in the ACOA immigrant retention survey mentioned earlier. The PPF also conducted a focus group of employers to identify some of the challenges employers face in hiring immigrant workers. These challenges are summarized in the following table.→

9 The same survey also indicated that 79 percent of the employers of immigrants in Halifax felt that immigrant workers were as competent as Canadian-born.

# Challenges faced by employers hiring immigrant workers:

- LANGUAGE, LANGUAGE, LANGUAGE!
- LACK OF EXPERIENCE WITH CANADIAN WORK CULTURE/BUSINESS ETIQUETTE
- TRANSIENCE: WANT TO GO TO OTHER LARGER CANADIAN CITIES
- CULTURAL DIFFERENCES/MISUNDERSTANDING: HOLIDAYS, WAYS OF DRESSING, RELIGIONS
- DIFFICULTY WITH WORKING TEAM INTEGRATION
- DIFFICULTY HAVING SKILLS/QUALIFICATIONS; FRUSTRATION WITH BEING OVERQUALIFIED FOR THEIR JOBS

RESULTS OF A FOCUS GROUP CONDUCTED BY THE PUBLIC POLICY FORUM

These findings suggest the importance of employers' participation in the immigrant selection process, in determining immigration levels, and in developing strategies to hire immigrants. Policies to facilitate occupationally based language training and creation of tools to encourage cultural understanding are also important for workplace integration of immigrants. That most employers are convinced that foreign training is no different from Canadian training should be used to convince employers to provide equal employment opportunities to immigrants.

One challenge immigrants face in their new home is how to find information about available economic opportunities and their use. Immigrant settlement agencies play an important role in facilitating this information. Halifax's Metropolitan Immigrant Settlement Association (MISA) operates many programs that provide information to prospective immigrant employees and business persons. Nabihah Atallah and Jan Sheppard Kutcher discussed the New Beginnings Program recently launched by MISA. For immigrants seeking job opportunities, MISA's program provides extensive employment counseling and coaching, appropriate referrals and relevant connections. The program also extends to immigrants who have estab-

lished businesses in the province by offering evening workshops to develop management skills and promote their businesses. Credential assessment, sector-specific language training, and skill assessment are also important components of MISA's program.

## CLOSING COMMENTS ON REVERSING THE TREND

When a group of Canada's immigration policy makers, policy practitioners, academicians, and community organizations gathered to discuss why prospective immigrants avoid Atlantic Canada and why those who come here tend to leave for other Canadian regions, they emphasized the role of economic and social factors. Experiences of other Canadian jurisdictions indicate that new immigrant destinations can be developed by strong employment growth. The successes of Manitoba's and New Brunswick's Provincial Nominee Programs provide good examples, so will be important to evaluate the performance of PNP in the rest of Atlantic Canada.

The roles of ethnic enclaves, communication networks, and ease of access to "ethnic goods" were also identified to be important factors that future research should investigate. Another important factor is a community's attitude towards immigrants. Canadians

have a general impression that immigrants tend to steal our jobs, use a lot of publicly provided social services, and pay very little tax. While national research in Canada has shown that these impressions are myths that can't be justified by facts, it is nevertheless important to investigate these issues for Atlantic Canada.

One survey whose results were presented at the conference showed that most employers who hire immigrants view the credentials of immigrants to be of same value as those of Canadian-born workers. A higher percentage of such employers are found in Atlantic Canada, a result that should convince those employers to hire immigrants who do not now because they feel their credentials are not at par with Canadians'. Finally, it is encouraging that the private sector is open to being involved in strategies to help integrate immigrants into the workforce. Public-private partnership can be highly effective in the integration of newcomers, which could, in the long term, reverse Atlantic Canada's declining population. ○—

## Profile:

Dr. Ather H. Akbari has been with the Saint Mary's University's economics department since 1989. He has received several grants from federal government and from private sector for policy oriented research. His research has been published in several economics and interdisciplinary journals and has also been quoted in top international and national newspapers and magazines such as Wall Street Journal and Economist magazine. Dr. Akbari also leads the economics domain of the Atlantic Metropolis Atlantique, a federally funded center of excellence in research on immigration.

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# Restructuring the Atlantic Schools of Business (ASB) Forum

BY ALBERT MILLS



The *Atlantic Schools of Business (ASB)* is a forum that brings together academics and practitioners from each Atlantic Canadian province to discuss new research, trends and challenges in business. This year marks the 35th annual ASB conference, an unprecedented achievement in North America that is remarkable for a number of reasons.



1 First, the ASB's very existence is extraordinary because too few business conferences anywhere bring together business educators and practitioners from across a range of disciplines – from accounting to organizational behaviour. In Canada, the only other such annual conference is one hosted by the Administrative Sciences Association of Canada (ASAC). In the US, the largest conference of its kind is one hosted by the Academy of Management (AoM).

2 Second, ASB is unusual in its longevity. Few other associations of its kind have lasted so long. Apart from the AoM (established in 1936) and ASAC (established in 1957) there are few associations of its type that compare with the ASB conference.

3 Third, but most important and unprecedented, the ASB has held an annual conference each of the past 34 years without a standing organization or structured association. ASAC, AoM, and associated organizations all boast a well structured organization, complete with memberships, divisions, and executive committees – the AoM even has an office and a paid staff. However, ASB has survived without a standing committee, paid staff, or even a membership. Annual conferences have been held on a (semi-formal) rotating basis, with different business schools in the region organizing the conference different years. As a result, the ASB conference has been held at almost every university in Atlantic Canada over the past 35 years.

Sadly, in recent years this informal rotation system has begun to break down and interest has waned. This breakdown has led to the establishment of the first ever standing committee of the ASB, under the leadership of Ann MacGillivray of Mount Saint Vincent University's business school, who now serves as the first ever ASB president. The standing committee or "executive", established at the 2004 annual ASB conference in Halifax, is charged with providing support for successive conferences. The new ASB executive is developing a permanent website and establishing a number of area coordinators who will serve to solicit, review and program papers for conference presentation. The executive are working to renew interest in ASB as (i) a venue that encourages and facilitates the

development and presentation of research papers by junior faculty, PhD students, and those new to conference presentations; (ii) a forum for business professors at all stages of their career to exchange ideas and gain insights into leading edge research in the region; (iii) a networking opportunity where business educators and practitioners can meet and develop useful contacts and ideas ; and (iv) a synergetic site where business students, educators, and practitioners can be exposed to case competitions, keynote addresses from leading business practitioners, educational workshops and demonstrations, and new research. ◯—

## The 2005 Annual ASB Conference

*"Shifting Business Practices and Paradigms"*

is being led and hosted by the Faculty of Administrative Studies of the University of New Brunswick, with full support from the ASB Executive. The conference will take place at the

HALIFAX CITADEL INN

FROM THURSDAY, 29 SEPTEMBER, TO SATURDAY, 1 OCTOBER.

For further information contact:  
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# Enhancing Customer Privacy with Technology Solutions

BY DAWN JUTLA

Privacy lobbyists and advocates name health information privacy, mobility privacy, and now genetic information privacy as some of the most significant privacy issues of our time. Even as governments around the world are offering services requiring our personal data online and are preparing to upgrade major systems to build new shared databases, privacy advocates are working double time to encourage these governments to build privacy into their information systems from the ground up. For in an ideal world, high quality health care and privacy don't conflict, and neither do personal movement tracking and privacy nor product or service personalization and privacy.

Organizations in the US and Canada are taking privacy concerns seriously primarily because of litigation fears, ethical concerns, and potential for enhancing customer relationship management and human capital management services. In the US, one in two medical doctors has a mobile device that may be used to view a patient's electronic health record when connected to health information systems. What can be in the record? Years of medical history including test results, symptoms, diseases, and medications. As one of my colleagues at Dalhousie University succinctly puts it, "what about the 24-year-old young woman who does not want the knowledge of her abortion when she was 14 years old shared with medical staff in hospitals?" Technological advances such as personal device assistants with inbuilt cameras and recorders, invisible embedded computers in walls, and presence-awareness devices (e.g. Radio Frequency Identification (RFID) Products) and uncontrolled information technology applications are clearly exacerbating privacy issues. Fortunately, technological means in conjunction with business procedures, as well as government regulations can also help us manage these privacy issues. Many readers will be familiar with the federal Personal Information Protection and Electronic Documents Act (PIPEDA) and its provincial equivalents, which regulate the handling of personally identifiable data given to firms. Technologies that help employee compliance with this and other sector-related privacy acts are useful to many organizations.

Litigation risks can be reduced by effective technical privacy mechanisms on the business side to prevent employees from violating privacy practices as posted in a company's privacy policy. Database privacy mechanisms are aimed at helping companies show they comply with privacy regulation and their own stated privacy policies. Solutions include using technical languages such as the Enterprise Privacy Authorization Language, EPAL, which is

implemented in an IBM Tivoli monitor that sits on the front of the database; intercepting user accesses; and using EPAL policy expressions to determine whether a user has access to a particular data field. Complementary privacy-preserving data mining algorithms also are being commercialized to help protect against leaking or inferring information when personally identifiable data from various shared data sources are synthesized.

Canadian Tire posts one of the more effective examples of a Canadian firm's privacy policy at [http://www.canadiantire.ca/custservice/privacy\\_security.jsp](http://www.canadiantire.ca/custservice/privacy_security.jsp). This policy systematically addresses the 10 fair information principles championed by PIPEDA and the Organization for Economic Co-operation and Development (OECD). One principle is that of the firm's

responsibility to safeguard personally identifiable data against outside tampering. Thus, technical security mechanisms such as firewalls, virtual private network tunnels, encryption algorithms, intrusion detection solutions, voice and physical feature biometrics, and security Web standards are also part and parcel of managing both access to, and the flow of, private data. Of course, these are in addition to access-controlled physical filing cabinets, demilitarized zones, signature trails, and sensible business procedures for the more sensitive personally identifiable data.

Customers and business partners are performing an increasing number of transactions on firms' Web sites. A firm wants its customers to trust that it can competently and with integrity handle customer data appropriately across all channels. As a result, employees of business partners accessing personally identifiable data over the Web need to comply with the predominant privacy policies set out in the partnering agreement(s)

between the firms around data ownership and handling. Web standard technologies exist here too, such as WS-Security (Web Services Security) and the Security Assertion Markup Language (SAML), which can contribute to privacy compliance solutions complementary to those discussed above.

Even though some technical Web standards do not directly have a compliance mechanism, they provide information that can support employee compliance solutions. A well-known example is the Platform for Privacy Preferences (P3P), which provides a Web standard on which to base universal private data management mechanisms. In 2003, 30 percent of the top 100 web sites were P3P enabled [1]. Additionally, a number of easy-to-use tools are available for Web-masters to post privacy policies in P3P format. Microsoft Internet Explorer 6 (IE6) and Netscape Navigator 7 Web browser provide basic P3P functionality, while AT&T provides a free P3P agent called Privacy Bird as a user add-on to the IE6 browsers. The add-on checks for P3P policies for all content on a page visited by the user, compares them to the user preferences and reports on the match using both a traffic-light metaphor in its interface and a synopsis of alerts such as "this site can share any medical data collected with third parties." These user privacy agents simplify the tasks of examining the privacy policies posted by the web sites and determining whether or not they are acceptable to the users/clients – a task that is cumbersome and disliked by users, according to Lorrie Cranor, a leading privacy researcher. With a growing suite of technical privacy mechanisms and →

**Privacy's impact on business may be significant as results from social and technical research and development begin to lay the infrastructure that will empower users to manage and protect their individual privacy.**

management procedures to enforce and show employee compliance, we expect that in the next few years, many organizations will be ready to satisfy the privacy demands of their users' – customers and business partners.

Organizations using emerging e-business models will take care to manage privacy properly and will borrow from strategies in such high trust industries as banking and insurance. With the convergence of cheap storage media, high bandwidth, and digitization of products and services, the customer "on demand" vision or higher degrees of one-to-one merchandising and service is becoming possible anytime and anywhere. For example, technology is available to deliver viewers' personal selection of television programs to their TV sets or computers at any time they choose. Telecommunications companies in alliance with information technology companies and content providers are building infrastructure for this delivery to us in our homes in as little as a year or two from now. Customer convenience and a rich degree of personalization are strong value propositions and those companies that ensure employee compliance with privacy policies and realize trust and active care of customer privacy concerns will have an edge.

The time for convenient and low-cost user negotiation around an organization's handling of private data is coming. . Already we are seeing prototypes emerging to provide customers with P3P-enabled search engines that filter web sites' appearances in hit lists according to customers' privacy preferences [2]. Imagine a small Nova Scotia company appearing on the first page of Internet search results because of good customer privacy management policies. Generation Y, also known as Generation Next, is growing up with the Internet, and the pragmatic majority may use P3P agents such as future versions of Privacy Bird as a matter of course. Generation Next is being characterized as valuing community, good times, and collaboration [3]. Many members of this generation may therefore expect businesses to be team players and openly collaborate with them to alleviate their privacy concerns as the Internet becomes their number one supplier of information on the procurement of goods and services. Will your firm be one of the organizations to enhance competitive advantage around your customer solutions because of good employee management of customers' private data? ○—

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# Collective Bargaining Breakdown:

## The Anatomy of a Strike



BY TERRANCE WEATHERBEE

The relationship between management and employee in any organization is a dynamic one that reflects the influence of both internal and external factors. Within a business organization with a union presence, union-management relations are typically cyclical in nature [1]. That is, at times they are positive and at other times they are negative. For any particular organization they may vary from productive partnership at the high point of the cycle through to open conflict at the low point. Whether management, employee, worker, labourer or bystander, few of us notice the former style of relationship - but most of us certainly notice the latter. In a unionized workplace when collective bargaining fails, for whatever reason, work-stoppages, work-to-rule, or strikes usually follow. As union-management relationships range from mutual co-existence to conflict, so do strike actions. Some strikes, perhaps most, are usually peaceful and orderly and resolved with successful negotiations and a new collective agreement. The strike activity remains firmly grounded within the accepted social norms for collective bargaining, bounded by the legal frameworks which society has set in place. Others are not - and these are the ones that we collectively remember the most. We remember them not only for the conflict they engender and for the media attention they capture, but also for the sometimes significant and

long-lasting changes that they have on our workplaces, on our work relationships, and even on our personal lives.

Management-union relations and collective bargaining have a long and rich tradition within Canada. Although the Canadian labour movement received its early sign of recognition in 1872 with the passage of the Trade Unions Act, unions did not become fully recognized as a legitimized agent for workers until PC1003 was passed in 1944 [2, 3]. Since then, as legally recognized representative agents, unions have successfully collectivized memberships throughout Canada - leading to today's representation of one in three workers [4]. However, some would say the 'inevitable' tension that exists between the interests of ownership and management and those of the employee, worker and labourer did not 'disappear' with the writing of these acts, or the unionization of Canadian workplaces. In fact, we still see today workplace circumstances where the interests of management collide directly with the opposed interests of the union. When these interests are diametrically opposed, strikes are likely to happen.

These strikes can be breeding grounds for incivility and rudeness at best. At worst, one side or the other, sometimes even both, engages in acts of intimidation, →

vandalism, or even violence and this is not new. In 1909, during the freight handlers strike in Fort William, guns were used by the strikers against labourers brought in to break the strike. Later, special police returned the violence against the strikers themselves. Between the police, special police deputies, and workers involved with the General Strikes of 1919 in Winnipeg [5, 6], Toronto, and Amherst, there were many incidents of assault, beatings and mob violence. During the Stelco strike in 1946 there were violent confrontations between the strikers and strikebreakers on the picket lines [7, 8]. More recently, the Giant Mine strike in Yellowknife in 1992 saw mob rule, which was accompanied by collective and individual acts of vandalism and property destruction [9]. The

their managers. Fortunately, the strike action was brought to a close with a negotiated settlement [13, 14] and tensions were reduced as union workers and managers returned to the workplace. While the strike was resolved, the question of which side won or lost still remains debatable. Aliant declares that the union action cost them profit, the union still remains concerned over job loss and security, and managers themselves are concerned with the potential for job loss as Aliant once again restructures itself.

As these events inform us, the effects of engaging in a strike action can have serious consequences that go far beyond the workplace, often affecting families, relatives and friends [15, 16]. Workers usually see a

“...the effects of engaging in a strike action can have serious consequences that go far beyond the workplace, often affecting relatives and friends.”

tension and violence escalated until ultimately nine miners were killed by a bomb explosion. The explosive had been planted in the mine by a frustrated striking worker.

Closer to home, the recent strike of Aliant workers from April through September of last year allegedly saw numerous acts of destructive vandalism, and uncivil encounters between strikers and management [10-12]. No one group was innocent of raising tensions and these incidents were instigated by both sides. As the strike lengthened, as Aliant management brought in outside help and as the union members became more and more frustrated tensions increased. At its peak, the stress and tension had managers concerned for the safety and security of their families as picket lines moved to their homes. Workers feared the acts of intimidation made by security personnel brought in by Aliant to protect their properties and

significant reduction in income, as paycheques are replaced with strike pay. Survival on reduced household income and family savings can be difficult for some or all of the workers on strike. This circumstance can put a heavy burden on the household finances, which in turn can seriously impact spousal relationships. The longer the duration of the strike the more strained are the union coffers, and the workers financial ability to survive can be broken. At the most desperate stages, workers may even have to resort to food banks and charitable assistance from outside agencies in order to eat and pay bills. But the adverse impacts of the strike are not limited to the worker.

Managers may be negatively affected as well. For example, those charged with replacing workers may have to remain in the workplace for additional hours over long periods of time. They may even be dispersed to work sites remote from their usual



workplace or homes, living in motels and hotels. When separated from their families, removed from their spouses, children and friends, this too places a burden on them and their families. Even the extra income from overtime hours often cannot offset these stresses.

Both workers and managers will have their usual lives and lifestyles interrupted. Family vacations may get missed, important events such as anniversaries, birthdays, marriages and christenings may be overshadowed and relationships may become strained or destroyed, with families living under unusual levels of stress. Even physical and mental health may suffer. And these effects may be felt long after the strike is over.

Regardless of how either management or workers treat one another during these actions, or how they have been affected by the strike actions itself, at some point the strike usually concludes. Then both management and workers return to a common workplace. At this point human nature tells us that both management and the workers will inevitably carry with them the memories of the rudeness and incivility from the picket line to the office line, which can lead to resentment and grudges. Given the potential for both managers and employees to focus on the strike experience back in the workplace, the question is what can be done to ensure that the work environment does not simply become an ongoing proxy for events and happenings of the picket line?

## Before a Strike – Be Proactive

In the first instance, avoiding a circumstance where a strike action becomes necessary is the optimum for all concerned. A negotiated good faith agreement normally resolves workplace issues from both management and union perspectives. As both the

union and management have a vested interest in reaching a negotiated settlement, both need to give thought to the work environment after the collective action has been resolved. This should include the planning of workplace restoration efforts if a strike appears to be likely.

## During the Strike – Be Ready to Provide Support

Should a decision be made to take strike action then it is important that both management and union leadership take efforts to ensure that the strike activity is as peaceful as possible. This means that management must acknowledge the union's right to carry out activities in support of the strike itself (e.g. picket lines), and that the union must acknowledge management's right to protect the assets and properties of the firm (e.g. hiring facility security). The union should reinforce to their members that collective actions may be stressful and have personal, financial, and psychological impacts. They should ensure that the union members on strike receive all the support they need to make it through the strike without severe hardship. This step will reduce the stresses invoked by the strike itself, and will reduce the potential for stress or frustration leading to incivility, harassment, vandalism or violence.

Management leadership needs to take similar steps by recognizing and reinforcing with managers their employees' rights to take strike action. This is an important step to diffusing the emotional tensions which can easily arise between superiors and subordinates. Additionally, it remains possible for management to continue dialogue with the union. Part of this dialogue should concentrate on the strike action, with an aim of ensuring that stress, frustration and emotions on both sides are held in check. The maintenance of mutual respect between the negotiating parties will go far in this regard. →

## After the Strike – Bringing Everyone Together Again

Regardless of how any strike is resolved the workplace will be changed by the experience. Relationships between managers and employees will be affected. Individuals will bring their feelings and emotions into the workplace when they return. This breeds the potential for further conflict, particularly if the strike itself was overly adversarial. Whether the strike is perceived as a 'win' or a 'lose', by either management or the union, both managers and employees will still need to work together.

There are a number of initiatives and activities that will hasten the return of a productive work environment. The first steps that should be taken are those that lead to the regaining of trust between managers and employees [17, 18]. If the leadership for both management and union demonstrate a commitment

early-retirements. To avoid further antagonism between decision makers and those affected by the decisions a joint process is best. This way when hard or unpalatable decisions must be made responsibility is shared and neither one side nor the other can claim to be 'blameless'.

Both management and union need to take a zero-tolerance approach to any incidents of workplace harassment, incivility or disrespect between management and employee (whether arising from the strike tensions or not!) [15]. The senior leadership needs to ensure that mutual respect and civility is foremost in the minds of everyone. In the event that any incidents take place then both the management and the union leadership must take quick, effective, and unequivocal action. This may be achieved through the enforcement and use of anti-harassment or anti-abuse policies. In extreme cases, consideration should be given for activities such as anger-management sessions, stress reduction health initiatives, or even third party mediation to assist in the transition and return to a healthy workplace. Post-strike conflict between

“Regardless of how any strike is resolved the workplace will be changed by the experience. Relationships between managers and employees will be affected.”

to the longer term relationship and mutually advantageous super-ordinate goals, such as a productive work environment where individuals treat each other with respect, then trust can begin to be regained. One mechanism to facilitate this is for both management and union to form joint labour management teams or committees. These teams may begin to address the new or changed circumstances resulting from the negotiated settlement. This process may include the planning of how to best implement any restructuring such as job changes or job or responsibility shifts, the formation of new teams or workgroups or even downsizing requirements through layoffs and

management and employees, or between strike and non-strike supporting employees, should be anathema for both management and the union.

While each, or all, of these mechanisms may move the workplace forward it will not be easy – for management, the union or the workers. Just as the emotional stress, anger, resentment and frustration, or financial damages linger within and between individuals, these effects will also linger within the workplace itself. Within a changed and charged work environment these feelings, beliefs, perceptions and emotions become easy sparks for increased incivility,

rudeness and dis-respect, and a return or continuance of adversarial challenge between management and employee. If issues are not dealt with then they will likely poison the workplace, producing a 'toxic' environment. This may very well lead to adverse outcomes for everyone. Unaddressed actions may create circumstances within the work environment that will directly or indirectly lead to another strike action – perhaps further contributing to the cyclical relationship between management and labour.

It is important to remember that most management-labour negotiations are completed without management sponsored lock-out, and without the union resorting to strike action [19, 20]. It is often too easy for both sides to become convinced that labour-management relationships are always adversarial, that management always treats the workers ill, and that unions always have a consensus for their demands or for strike action. It is an unfortunate reality that the strikes most reported in the media are usually acrimonious where vandalism and property destruction, threats and intimidation, or violence and injury occur. Negotiation, successful or not, is about changing the workplace. It only fails when one party or another refuses to accept or welcome change. Even after a strike, the workplace will be changed, often for a very long time. The key is to successfully manage the change by being prepared for it. ○—

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DISCUSSION WITH THE SOBEY SCHOOL OF BUSINESS DEAN DR. ALAN R. MICIAK

Creating order from chaos is a key executive challenge. Each day brings new dimensions to change in the workplace – technology, diversity, ethics, environment, regulators, customers, competitors.

Each new dimension adds complexity to the process of organizational change. Today's issues are bigger and more urgent than yesterday's. The rate and the magnitude of change increase the risk of stay-the-course strategies. There are significant impacts on employers, employees, governments, and other agents of social and institutional change.

Management Guru Jim Collins talks about the importance of leadership in organizational change – Getting the right people on the bus, the wrong people off the bus, everybody in the right seat and all driving in the same direction. It is a simple theory on its surface, however, in practice, a difficult task to accomplish. Change management outcomes can be achieved in a competitive way – “I get what I want”; a cooperative way – “You get what you want and I get what I want”; or a collaborative way – “We get what we want.” When building organizations leaders must focus on “we,” and not on “you” or “I”.

I learned very early on that organizational change can be led by management or it can be led by the organization. Needless to say that having the entire organization committed to change would be the preferred and more effective approach. Key to this are the concepts of employee engagement and commitment. Leaders must communicate with a sense of urgency and clarity and simultaneously listen for feedback from employees and other key stakeholders. Common goals are the glue that keep the team focused and moving in the same direction.

Organizational change requires good leadership (what needs doing) and good management (getting it done). Vision without execution will end in frustration, and execution without vision may result in doing the wrong things. In this issue of The Workplace Review our contributors guide us through the challenges of leading workplaces through change, the evolution of the change discourse in business and the future challenges to keeping your organization on the move. —

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